COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, March 22, 2011, 11:15 a.m.

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Resolution 110061 - Providing for the approval by the Council of the City of Philadelphia of a Revised Five-Year Financial Plan for the City of Philadelphia covering FY '11 through '16, and incorporating proposed changes with respect to FY '11, which is to be submitted by the Mayor to the PICA pursuant to the Intergovernmental Cooperation Agreement authorized by an ordinance of the Council approved by the Mayor on 1/3/92 (Bill 1563-A), by and between the City and the Authority.

COMMITTEE MEMBERS PRESENT:

Anna C. Verna, Chair	William K. Greenlee
Marian Tasco, Co-Chair	Curtis Jones, Jr.
Jannie C. Blackwell	James F. Kenney
Blondell Reynolds-Brown	Donna Reed Miller
Darrell L. Clarke	Frank Rizzo
W. Wilson Goode, Jr.	Maria Quiñones-Sanchez
Bill Green	

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COUNCIL PRESIDENT VERNA: Good morning again. This is the public hearing of the Committee of the Whole regarding Resolution No. 110061.

I would ask Mr. McPherson to please read the tile of that resolution.

MR. McPHERSON: Resolution 110061, a resolution providing for the approval by the Council of the City of Philadelphia of a Revised Five-Year Financial Plan for the City of Philadelphia covering Fiscal Years 2011 through 2016, and incorporating proposed changes with respect to Fiscal Year 2011, which is to be submitted by the Mayor to the Pennsylvania Intergovernmental Cooperation Authority, (the "Authority") pursuant to the Intergovernmental Cooperation Agreement authorized by an ordinance of the Council approved by the Mayor on January 3, 1992 (Bill No. 1563-A), by and between the City and the Authority.

COUNCIL PRESIDENT VERNA: Thank

you.

We will first hear from the Administration. Please approach the witness table, identify yourself, and proceed with your testimony.

(Witnesses come forward.)

COUNCIL PRESIDENT VERNA: Good morning.

MR. ARMBRISTER: Good morning, Council President.

COUNCIL PRESIDENT VERNA: Mr. Armbrister.

MR. ARMBRISTER: Good morning. Good morning, Council President Verna and members of Council. I am Clarence Armbrister, Chief of Staff in the office of Mayor Michael A. Nutter.

On behalf of the Mayor, I am pleased to provide testimony on the FY '12 proposed Operating Budget and the proposed FY '12 through FY '16 Five-Year Financial Plan.

When I presented the Administration's budget and Five-Year

Financial Plan to you last year, my news was not good. The City's coffers continued to be negatively acted by the national recession, which caused our base tax revenues to decrease significantly.

To give you a sense of the magnitude of this decline, in FY '10 when, we received $186 million less than we had in Fiscal '08, a sum roughly equal to the entire budget of the Fire Department.

On the expense side, our mandatory payments to the City's Pension Fund had grown substantially, costing us $492 million this year alone. And despite deferring $80 million in payments in FY '11, we are still contributing more to the Pension Fund than ever before. And the Five-Year Plan includes between $550 million and $660 million in pension costs in each year.

Working together over the past two budget cycles, we closed a multi-billion dollar hole in our Five-Year Plan

and reduced the size of our workforce by 1600 full-time, part-time, and seasonal positions, while preserving City services, protecting our most vulnerable residents, and investing in our feature.

Today, I bring slightly better news than I did last year, with the caveat that substantial risks remain that continue to threaten our fiscal stability.

Over the past fiscal year, some of our tax revenues appear to have finally stabilized. We anticipate that the City's wage taxes will come in at approximately 3 percent higher this fiscal year than they did in FY '10, with more increases anticipated in FY '12.

However, I must note that we have not yet received our FY '11 business tax nor all of our FY '11 property tax receipts, so it is difficult to say with any degree of certainty that we are truly witnessing a local economic stabilization, one that will be

sustained.

Given where we were last year and the year before, the signs of slow growth are a much welcome relief. Unfortunately, however, our employee benefit costs remain our biggest financial albatross and will continue to overwhelm any modest gains we may see on the revenue side.

In fact, the increase in our pension costs in FY '12 consumes the entire projected increase in our tax revenues. The increased mandatory payments to our Pension Fund will tamp down our ability to make significant new program investments or to resume wage tax reductions until FY '14.

To give you some sense of the problem, in less than ten years, the City's mandatory pension costs will have increased from $220 million to $550 million this coming fiscal year. Our costs in FY '12 will be approximately $60 million higher than this current

fiscal year and will increase by another $100 million in FY '13.

Our pension plan remains 50 percent underfunded despite annual rates of return of nearly 20 percent and 14 percent in 2009 and 2010 respectively.

As you know, we are obligated by law to make minimum required payments into the Pension Fund now in order to support the pensions of current and future City workers.

Thanks to the Commonwealth's Act 44, we were able to defer some of those mandatory payments during FY '10 and FY '11, which provided a small relief valve for our budget, but those deferrals are over this year and will result in substantially higher payments in Fiscal '13 and Fiscal '14.

Combined, our pension, health care, and other benefit costs will account for $1 billion in next year's budget, an amount equal to 30 percent of or total General Fund expenses.

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As the Mayor has said repeatedly, these increases are unstable. And we have been working with our four municipal unions to try to bring these benefits costs down.

This work is beginning to bear fruit. As a result of our latest Police and Fire contract awards, we are now the only major city in the United States of America to offer new uniformed employees a hybrid pension plan, including a defined contribution element that shares the risk between the City and the employee.

On health-care costs, the FOP health plan has moved to self-insurance in FY '11, adopting the model that we implemented for non-city union employees last year. This change had led to estimated savings of $7 million in Fiscal Year '11 to FOP members and $6 million for non-union City employees.

And let me repeat what the Mayor has said many times: We will not

agree to new contracts with our other two municipal unions that do not include reasonable reform to pensions and health-care benefits.

The FY '12 budget also includes mandatory debt service costs of $224 million, or 6 percent of expenses. This cost represents an increase of more than $13 million from FY '11 and almost $52 million from FY '08.

With revenues stabilizing and projected to increase slightly the next fiscal year and with budget reductions achieved by managing our prison population below 8,000 individuals on an average daily basis, the Administration proposes to make a few modest investments in FY '12 primarily in public safety.

The Administration proposes to invest a combined additional $10.8 million in the police and fire departments. In order to continue to fight crime in our neighborhoods and to become a safer city, we are investing in

a new class of 120 police officers.

City Council will recall that we, unfortunately, have had to cancel the start of three police classes over the past two years in order to save money. Ask any officer, and he or she tell you that the police need more bodies on the street to maintain the significant drops in crime experienced since 2008.

The Administration also proposes increasing the Fire Department's budget by $4.4 million in FY '12. This funding will pay for firefighters' personal escape systems, which were mandated in a previous arbitration award, and a replacement for fighters' self-contained breathing apparatus, or SCBAs, oxygen bottles, which are coming to the end of their useful lives.

This funding also pays for increased overtime for uniformed employees of the department, which will bridge the gap until new firefighters can be brought onboard.

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In order to fix the broken property-tax assessment system in Philadelphia, we propose investing $4.4 million in the Office of Property Assessment. This investment in people and technology will mean that we will be prepared so that the property-tax bills that go out in the fall of 2012 can finally be based on the actual value of properties.

The third major expenditure increase is $4 million to pay for the snow removal in the Streets Department. Using the past five years' average expenditures for contracted snow costs, the Administration proposes including this funding as a line item in the budget to ensure that the City is better able to manage its resources in case of large snowstorms. This funding will be placed in a reserve by the Office of Budget and Program Evaluation to ensure that it will only be spent on that specific purpose.

In an effort to increase the

well-being and the educational levels of Philadelphians, the Mayor also proposes to increase funding to the Mayor's Commission on Literacy, located in the Free Library, by $1 million. This critical investment will help improve Philadelphia's ability to serve thousands of residents who need literacy classes and ensure that the education they receive meets specific standards.

Another key proposal is an investment in swimming pools. We propose providing enough dollars in the Fiscal Year '12 budget and throughout the Five-Year Plan to allow the Department of Recs and Recreation to open all swimming pools all summer long.

We are also proposing increased funding to help the District Attorney with his priorities and $2.4 million to maintain our current level of probation officers who have been funded for the past two years through federal recovery dollars.

On the Capital Budget side, which you will hear more about tomorrow, the City proposes investing money to renovate and rehab police and fire department stations, including Engine 38, Parks and Recreation centers, pools, and libraries.

We will also continue to make significant investments in our IT infrastructure, including an electronic health records system for the Health Department.

Finally, we propose appropriating money to reconstruct and resurface miles of City streets.

Since we presented this proposed budget to City Council more than two weeks ago, the Governor has submitted his budget to the Pennsylvania legislature. It was immediately clear that it will have a devastating impact on many of Philadelphia's major institutions and residents.

Our universities and medical

centers have been the engines of growth for Philadelphia for years. The Governor's proposed cuts may reverse the employment gains we have made in these areas in recent years. Even as other industries shedding jobs by the thousands, our hospitals and universities were, in fact, creating jobs.

And many local residents will no longer be able to afford college, as tuition rates will likely increase. Hospitals will be forced to cut services to absorb the proposed decreases in Medicaid, leaving many of our most vulnerable residents without access to health care.

Our children will also suffer as the substantial cuts to the school budget have ripple effects in the classroom.

But as far as the City's General Fund is concerned, our analysis suggests that while the Governor's budget make painful cuts to key City services,

the proposal will not hit as hard as some may have predicted.

As presented last week, Governor Corbett's budget will impact the City General Fund in the following ways:

A $7.5 million cut in the City's Department of Human Services. The exact impact of this cut is not yet clear because the Commonwealth has not yet provided the City its approved needs-based budget or shown how that budget might change under the Governor's proposed plan.

A $2.4 million decrease in Human Services Development Fund (HSDF), dollars that have been appropriated to the City's Office of Supportive Housing.

A $2.3 million decline in HSDF dollars that have been appropriated to the Health Department, translating into a cut in HIV prevention programs, lead abatement efforts, and services at the City's health centers.

And a $1 million cut in the

after-school and summer programs for young people.

We also believe that there may be losses to the City's Commerce Department, and our staff members are meeting with State officials to determine that possible impact.

In closing, let me say that I am proud of the accomplishments made by fellow City employees over the past three years. They worked hard through a difficult time and have achieved a great deal. To give but a few examples:

Violent crime has decreased by 13 percent since 2008, with an almost 22 percent reduction in homicides alone.

The Fire Department installed 14,050 smoke alarms in 2010, and fire fatalities continued to remain at historic lows.

DHS is making sure more children are safe by focusing on finding permanent, stable homes for children who need them. The number of adoptions has

increased by 42 percent between 2008 and 2010, while out-of-state placements have decreased by 78 percent during the same period.

Philadelphia is becoming a healthier city, thanks to the anti-obesity and anti-smoking work being done at the Department of Public Health.

Through the work of the Office of Economic Opportunity, the registry of M/W/D/S/B/Es increased by 25 percent last year.

L&I reduced its clean-and-seal backlog nothing, and turnaround time for service is now 10 days versus 270 days just a few years ago.

The South Street Bridge opened six weeks ahead of schedule in November and came in under budget.

And our Sanitation and Highway Units did exemplary work again this winter, making sure our streets were salted and plowed under the most difficult conditions.

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Our Parks and Recreation Department unveiled it's Green 2015 Strategy that will bring 500 new acres of green space to Philadelphia over the next five years by continuing to serve more than a million visitors at its pools last summer and thousands of people each day at its facilities -- indoor and outdoor.

The Department also reopened the Robin Hood Dell East last summer to great fanfare.

Finally, the Managing Director's Office unveiled Philly Rising, its citizen-centric coordinated approach to improving public safety and quality of life in Philadelphia's neighborhoods. In its first pilot neighborhood, crime decreased by nearly 16 percent, 14 properties were demolished, 10 properties cleaned and sealed, 85 lots cleaned, and 330 properties were rid of graffiti.

This year, the MBO will expand Philly Rising to more City neighborhoods, with similar results anticipated.

So, yes, Philly is rising. The 2010 census results released last week told us what we already knew: More and more people are moving to Philadelphia every day.

I know that City Council joins the Administration in wanting to make Philadelphia a safer, smarter, healthier, greener city that is run with integrity. We believe that our proposed budget will help us continue the strides we have already made toward each of those goals, and we look forward to working with this Council to see it implemented.

Thank you for the opportunity to testify on behalf of the Nutter Administration regarding the FY '12 proposed Operating Budget and the proposed FY '12 through FY '16 Five-Year Financial Plan.

I have with me the senior officials of the Administration, and with their assistance, as necessary, we'll be happy to answer any questions you may

have.

COUNCIL PRESIDENT VERNA: Thank you.

Will you explain your revenue growth assumptions for the real-estate transfer tax for both residential and commercial?

MS. RHYNHART: Rebecca Rhynhart, Budget Director of the City.

We worked with a revenue consultant, IHS Global Insight, to develop our revenue projections. And then, just generally speaking, to give a little bit background, after we worked with the revenue consultant, we also met with the Federal Reserve Bank of Philadelphia and leading economists there to further refine the projections.

So in terms of the real-estate transfer tax in particular, the factors that they looked at largely were the volume of home sales -- volume of real estate sales, both residential and commercial, historically, as well as the

prices of those properties to model out the projections in the forecast.

So the strongest growth is in Fiscal '13 and '14 for the real-estate transfer tax, and that's making the assumption that it will take until Fiscal '13 to get to the heart of the economic recovery.

And when I say that, I'm not saying that we're getting a recovery back to where we were, but the modest growth would be in '13 and '14.

So in terms of the actual percentages, I can pull that up. For transfer tax, we're assuming 0.5 percent growth this year, in Fiscal '11, basically flat. And then 3 percent in '12, going up to 5 percent in '13 and '14, and then tapering off.

And those projections, I would like to say, are much more conservative than what our revenue consultant came up with and also what the Federal Reserve Bank thought was more likely.

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COUNCIL PRESIDENT VERNA: Thank you.

The plan states that Philadelphia County is slated to receive slated to receive $2.1 billion in Recovery Act funds. Can you tell us who received funds, how they were spent, or will be spent, and the number of jobs that were created?

MS. RHYNHART: (Addressing Mr. Dubow.) Can you say where?

MR. DUBOW: On page 16.

MS. RHYNHART: 16?

MR. DUBOW: I'm Rob Dubow, the City's Finance Director.

The Recovery Act money has gone to a variety of things, everything from street-paving to some of the welfare-to-work jobs, so it's been a wide variety of things.

There's been the neighborhood stabilization money. The airport's gotten some money. It's gone to a wide variety of places.

COUNCIL PRESIDENT VERNA: So at this point, we don't know how many jobs are created?

MR. DUBOW: Well, the way that the federal government defines "job creation," you actually have to look at it one-quarter at a time. They've done it in a way that makes the job creation look as small as possible.

So according to way they count, it's actually under 400 jobs, but there really have been thousands of jobs; you just can't count them under their calculus.

COUNCIL PRESIDENT VERNA: Has all of the money been spent?

MR. DUBOW: No. A lot of the money was intended to be spent over three years, so it never was intended to have been spent by now. There are some projects that are done, and for them, the money has been spent, but others will continue to be spent over the next year or two.

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COUNCIL PRESIDENT VERNA: Thank you.

What is the breakdown of the City's pension payment for normal costs and the accrued unfunded liability?

MR. DUBOW: I'm just looking it up. So for FY '12, for all funds, the unfunded liability payment is about $417 million.

COUNCIL PRESIDENT VERNA: I'm sorry, Rob. Would you mind repeating that?

MR. DUBOW: Sure. The total MMO for all funds in FY '12 is $519 million. The unfunded liability payment is $417 million. So the unfunded liability is the vast majority of the payment.

COUNCIL PRESIDENT VERNA: Can you break down the accrued unfunded liability by plan?

MR. DUBOW: I can. I'd have to get back to you on that. Yes, we can do that and we'll get that back to you.

You mean by Pension Fund plan.

COUNCIL PRESIDENT VERNA: Yes, mm-hmm.

MR. DUBOW: Plan 67, Plan 87.

COUNCIL PRESIDENT VERNA: Mm-hmm.

MR. DUBOW: Okay, got it.

COUNCIL PRESIDENT VERNA: For the record, can you explain what the accrued unfunded liability is so that someday reading our notes at another time could be fully aware of what it is?

MR. DUBOW: Okay. I think it's -- it's the difference between the amount we owe all of the participants in our pension plan and the amount of assets that we have in our pension plan, an actuarially determined difference.

COUNCIL PRESIDENT VERNA: Is it a past-service liability?

MR. DUBOW: Yes.

(Laughter.)

COUNCIL PRESIDENT VERNA: It is?

Okay. I see any number of Councilmembers want to be recognized. I have several other questions that I would like to ask. We'll give each -- for the first go-around, each Councilmember will be given three minutes.

And at this time, the Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

Good morning, Mr. Armbrister.

MR. ARMBRISTER: Good morning.

COUNCILMAN GOODE: And to the Finance Director and Budget Director.

The first question is a general question. The Five-Year Plan's required by PICA for financial oversight purposes. Does the Administration use its Office of Strategic Plan? In other words, is it just a financial document, or is it supposed to be a strategy for economic growth as well?

MR. ARMBRISTER: Although the Five-Year Plan meets our legal obligation

to satisfy the PICA statute, we view not only its development but of our planning as a strategic opportunity to kind of figure out what the goals and policies of the Administration should be. Obviously, many of those are determined by the resources that you have.

So I think they work hand-in-hand as both meeting the legal requirements of the law but they also serve as a kind of road map for the Administration.

COUNCILMAN GOODE: So it is, in some, part a strategy.

MR. ARMBRISTER: Yes.

COUNCILMAN GOODE: Can you tell me what the City's unemployment rate is projected to be at the end of the Five-Year Plan?

MR. ARMBRISTER: At the end of the Five-Year Plan? I don't know.

MS. RHYNHART: We don't have an unemployment rate projection for the end of the Five-Year Plan. The revenue

projection assumptions are in line with the Blue Chip Consensus of leading economists; it's a report that comes out of leading economists. And for the next two years, the unemployment rate nationally is expected to remain high; and locally, we would anticipate that too. So there's no exact unemployment rate projection in our plan.

COUNCILMAN GOODE: And usually when I ask this question to the Administration, they talk about the national economy, but we know that the national economy is different from the regional economy --

MS. RHYNHART: That's right.

COUNCILMAN GOODE: -- which is different from the local economy.

MS. RHYNHART: Right.

COUNCILMAN GOODE: So what specific investments are being made within the Five-Year Plan to lower the unemployment rate to the extent that investments could be made locally to

impact --

MR. ARMBRISTER: I'll start and jump in.

Certainly, one of the investments that we think that we're making significant is certainly the $1 million we're making in literacy. The City suffers from a very high functional illiteracy rate. And to the extent -- particularly with adults, to the extent that we can enhance literacy among our population, we think that that will make them much more amenable to getting jobs. It's not necessarily reflected in the resources of the plan.

Among the other things that the Administration is working to do is that we are looking -- and you will hear more about this later on in the year, but we have tried to do an overhaul of our workforce development infrastructure, if you will.

As you may know, we have asked the State to allow us to kind of bring

some coherence to what was otherwise an incoherent system between a web and a PWDC. We actually had a board meeting this morning before this hearing, and we are very close to reconciling that incoherent system and bringing some coherence to it, and we hope that that would help generate dollars to actually training people for jobs that are coming, not for jobs that have left.

COUNCILMAN GOODE: Thank you.

I'll play by the rules, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam Chair.

Good morning.

PANEL MEMBERS: Good morning.

COUNCILMAN GREENLEE:

Mr. Armbrister, in your testimony, you talk about the impact of the Governor's

budget.

MR. ARMBRISTER: Right.

COUNCILMAN GREENLEE: And you talk about some of the money. And I know it's probably too quick to say -- to know this, but has there been any either adjustments or thoughts about how to deal with some of these, like, for example, the $1.9 million cut in the after-school and summer programs, which will obviously be a --

MR. ARMBRISTER: Yeah. We have certainly began to look at what the effects of some of these cuts are, and we are planning, along with the deputy mayors and the commissioners, to see if to the extent that these can be either absorbed or whether or not they'll actually have to be made.

It's too early to tell at this time if either of those possibilities is going to occur.

COUNCILMAN GREENLEE: Any rough time frame that you're working on or...

MR. ARMBRISTER: Oh, well, we're working as quickly as we can. Certainly some of the information we need, we're still dependent on State to get to complete that process.

COUNCILMAN GREENLEE: Right.

MR. ARMBRISTER: We are in contact with them. Both the Finance Director and the Deputy Mayor for Health and Opportunities accompanied the Mayor to the Governor's budget address, had meetings with the respective secretaries in their areas.

So they tried to get a little bit of a head start on this. And so, we're working very diligently to try to get some sense of that.

COUNCILMAN GREENLEE: A work in progress, right?

MR. ARMBRISTER: Yes.

COUNCILMAN GREENLEE: You talked about the Fire Department's budget. And in the end of your paragraph you said the increase in overtime, which

will bridge the gap until new firefighters can be brought on board. Is there a time frame for that?

MR. ARMBRISTER: Yes, there is a time frame. Unfortunately, the time frame does not include hiring in the next fiscal year.

COUNCILMAN GREENLEE: Okay.

MR. ARMBRISTER: That's the reason for the increase in the support for overtime. We are down approximately 60 or so firefighters, and the reason that we're not in the position to hire them immediately is because of a Supreme Court case that came down last fall which requires us to retool our test.

So our Human Resources Department is actively retooling the test. We don't think that that retooling is going to take place in time for us to have a fire class in place in FY '12, but we hope soon thereafter.

COUNCILMAN GREENLEE: Okay. And last thing, you talk about the

$4 million for snow removal. Are there any plans if we get lucky next year?

MR. ARMBRISTER: I'm sorry. I missed your --

COUNCILMAN GREENLEE: On the $4 million for snow removal, is there any plans if we get lucky next time?

(Indiscernible; parties talking over each other.)

MR. ARMBRISTER: Again, the calculation was based on our contracted services over the last five years. So in no way is it expected to represent the total cost, but I'm praying for warm water between December and February.

COUNCILMAN GREENLEE: Okay. But there's no other plan for that money if we don't have to use it.

MR. ARMBRISTER: No.

MS. RHYNHART: No, it would actually -- I'm sorry.

MR. ARMBRISTER: Go ahead.

MS. RHYNHART: It would actually be put in reserve.

COUNCILMAN GREENLEE: Okay.

MS. RHYNHART: Meaning that it could not be spent for any other purpose besides snow.

COUNCILMAN GREENLEE: So it wouldn't be spent. All right, okay. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you. Good morning.

MR. ARMBRISTER: Good morning.

COUNCILMAN JONES: You made -- you made in your testimony the fact that we are increasing purchasing of services this year from somewhere in the neighborhood of $2.3, I think million, in increase in purchases of services; is that correct?

MR. ARMBRISTER: Councilman, can you direct me to that? I'm sorry. I'm not sure I understand the question.

COUNCILMAN JONES: All right.

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Under the Operating Budget, that spending levels for purchasing of services would increase 2.7 million last year to 3.2 million, I believe it is, that we did increase from the prior year; is that right?

Don't hold me to the amount, but are we increasing purchase of services particularly in areas -- like snow renewal was one that was identified?

(No immediate verbal response from panel.

COUNCILMAN JONES: Since I have three minutes, I'm going to assume that is yes?

MR. DUBOW: Actually, purchased services for snow probably went down a little 'cause the cost this year for snow removal was a little less than the really bad year last year.

Overall, our Class 200 costs, if you exclude taking DHS out of the fund, increases by a little less than 1 percent. And the big increases are

what we have -- we changed the provision for snow vehicle leasing, juror fees in the First Judicial District, and the literacy program.

COUNCILMAN JONES: And I raise that to bring your attention to Resolution No. 100848, which we introduced in Council, which talks about the analysis of purchasing -- outsourcing of contracts versus an analysis that would look at whether or not things could be done better, cheaper, more effectively, and efficiently in-house.

I bring this up in the beginning of this budget process because for me, it will be a recurring question because it started in last fiscal year.

I think this is important in light of the fact that we're still in dangerous waters. I want to acknowledge the fact that you stabilized this city's budget a bit with cooperation from its workforce, with cooperation from this body and Council. But we are not out of

the woods or on safe, calm seas if you would.

In this process I'd like you to take a look at whether or not these kinds of purchases of service are better done, more cost-effectively done, and more efficiently done in-house.

And one of the unintended consequences may be that we create a job or two along the way that a Philadelphia resident may have.

(Timer bell rings.)

COUNCILMAN JONES: Was that my buzzer? Oh, time passes quickly when you're asking questions.

And I say that to say, for example, when we look at snow removal, you said it went down. It's my understanding, based on testimony from District Council 33, it's because you did a lot more of that snow removal in-house, using the Streets Department and in conjunction with the Water Department.

All I'm asking, is an analysis

done whether it is cheaper to do that versus to contract out with the number of snow removal firms that are out there in the region, and to analyze that so that this body and the departments, more importantly, get a better handle on whether or not we're saving money by doing it inside, or does it come out better to contract out?

And I'll yield my time, which I have no more, Madam President.

(Laughter.)

COUNCILMAN JONES: And if you could answer that, if there's a department process, 'cause we asked this last year.

MR. ARMBRISTER: Okay. I think -- I'm not sure if the Commissioner, the Streets Commissioner is here, but the one thing I would comment on about snow in particular, as an example, I'm not sure that that may be the best level because that is a peak-demand service that is not a uniform

service that's required.

So that is probably the kind of service that you're probably more likely to, for short periods of time, contract out. There may be other things that the government does that you may want to have that analysis done, but I'm not sure that snow would be, you know, the example I would use.

But certainly I'm sure managers who are held to very high standards regarding their utilization of resources hopefully make that calculation. I'm not sure if it was made in that particular instance.

COUNCILMAN JONES: Madam President?

COUNCIL PRESIDENT VERNA: Yes, sir.

COUNCILMAN JONES: If I could just respond to that one?

I understand that that might not be the thing. I think it's the exact kind of contracting that we should begin

that analysis on.

MR. ARMBRISTER: Sure.

COUNCILMAN JONES: Because if, in fact, we have a workforce that is ready, willing, and able to do that service and it costs us less to just engage them a little more maybe in overtime versus contracting out, where there may be an additional cost because of the outsourcing of it, is the exact place that we can kind of get an apples-to-apples comparison versus last year versus this year and the reduction, and whether there was a cause and effect or not.

MR. ARMBRISTER: I understand.

COUNCILMAN JONES: And I'm not drawing a conclusion one way or another, but just saying and beseeching you that the analysis should be done.

Thank you, Madam President, for your indulgence.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Green.

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COUNCILMAN GREEN: Thank you, Madam Chair.

I don't know if it's still morning, but it is. Good morning.

PANEL MEMBERS: Good morning.

COUNCILMAN GREEN: My question -- I have sort of a general question to begin with, and that is, it's my understanding that there's an agreement between Council and the Administration that we're going to get cuts or recommended reductions in various departments that result from the State budget cuts prior to any of -- any department that would be the subject of State budget cuts testifying before City Council.

MR. DUBOW: That's right.

COUNCILMAN GREEN: Okay.

MR. DUBOW: And I think that's one of the reasons we worked with Council, to change some of the dates around, so that it would be more likely that those departments that got cuts came

at the end of the process, and that's kind of the way it worked out.

COUNCILMAN GREEN: Okay, great. I just wanted to get that for the record so that when we get there we'll have that information.

And how long would you guess before a hearing for a department we will get new information? 'cause, obviously, we're not getting to review those departments until we have actual department data, and we'll need time to look at each department that is going to have changed information.

What's reasonable for us to -- you know, can we get it a couple weeks in advance or a week in advance or --

MR. DUBOW: Well, part of that depends on the State. There's still some information we haven't gotten from them, particularly with DHS, you know, and how the allocation will look.

But, you know, as soon as we get that, we'll turn it around as quickly

as we can. We'd like to obviously get it to you as early before the hearing as we can.

I think those hearings are on the 27th?

MR. McPHERSON: The 20th.

MR. DUBOW: The 20th. So, I mean, to the extent we get stuff from the State earlier, we'll get it to you as quickly as we can.

COUNCILMAN GREEN: And are you going to get it to us as the department is finished rather than hold it all till one big revision or --

MR. DUBOW: Well, I think it will be kind of interactive, so I think it will have to be the whole thing.

COUNCILMAN GREEN: Okay, all right. Okay, I wanted to understand that for the record.

Miss Rhynhart referenced consultants that had been hired to do analysis of sort of the volume of expected real-estate transactions and

also the price increases, which are the increase in value of real estate, which are the two components that make up what our real-estate transfer tax collections will be.

But also, with respect to the second part, make up, you know, sort of what our estimates of increasing real estate values are over the next five years to the extent we expect that and --

(Timer bell rings.)

COUNCILMAN GREEN: -- are there written reports that have been provided to you along those loins?

MS. RHYNHART: They actually did the projections for all of our taxes, but it was a back and -- you know, it was a back-and-forth. There's not a final report that we got from them.

COUNCILMAN GREEN: Did you get any written reports?

MS. RHYNHART: We got what their projections were.

COUNCILMAN GREEN: You got

their final report that you didn't agree with?

MS. RHYNHART: We got their -- right. We got their -- I don't want to say we didn't completely agree with it, but we decided to be more conservative --

COUNCILMAN GREEN: You dialed it back --

MS. RHYNHART: -- but we got their annual projections so that the tax rate growth that they projected for each fiscal year, we have that.

COUNCILMAN GREEN: Okay. Could you please provide that to the Chair?

MS. RHYNHART: Sure.

COUNCILMAN GREEN: Thanks.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

You said you were adding more

money in the budget for pools all summer. What's "all summer"?

(Laughter.)

MR. DUBOW: One week in July.

(Laughter.)

MR. ARMBRISTER: Well, I think Deputy Mayor DeBerardinis can operationalize that, but it really means for a full summer that we intend to have the pools open.

COUNCILWOMAN BLACKWELL: Like from June till Labor Day?

MR. ARMBRISTER: I'm not sure. I think we have someone here who can give you the operational details on that.

(Witness comes forward.)

COUNCIL PRESIDENT VERNA: Good Morning, Commissioner. Identify yourself for the record, please.

COMMISSIONER SLAWSON: Good morning, Council President Verna. I'm Susan Slawson, Recreation Commissioner.

Good morning, Council.

COUNCILWOMAN BLACKWELL: Good

morning.

COMMISSIONER SLAWSON: The typical summer for our pool season is, the pools normally open the day after schools are out, which is usually around June the 23rd, that Friday. And our pool season lasts until the middle of August, around August 15th. It's not until Labor Day.

I guess I've been here about three years now, and they haven't stayed open until Labor Day even prior to me coming.

COUNCILWOMAN BLACKWELL: I only asked that to Mr. Armbrister because he noted that they were including more money, so I wasn't trying to put you on the spot; I was trying to put him on the spot.

(Laughter.)

COMMISSIONER SLAWSON: Okay.

COUNCILWOMAN BLACKWELL: Thank you very much.

MR. ARMBRISTER: Thanks,

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Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

My next question is with regard to the cut in human services and the cuts to supportive housing.

Obviously, we're very, very concerned in those areas, and I understand those cuts affect not only the public in general, but it also affects the School Board and their programs with mental health, with children.

And obviously, I'm very concerned about these cuts to the Office of Supportive Housing. I understand we could lose not only intake workers but counselors, and people can't get out of trouble without the supports that we need. We're really concerned about that. We're already closing the Ridge shelter, which is a horrible issue.

However, it takes money to relocate people, to find places. And without -- I always believed that there's

some areas that should be exempt, and it's always my opinion that this area should be exempt, but I would certainly like to hear your comments with regard to DHS and OSH.

MR. ARMBRISTER: Councilwoman, we too are concerned, and I think that's one of the reasons why we highlighted those cuts.

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MR. ARMBRISTER: The two that you mentioned specifically relate to the HSDF funding, which, as Dr. Schwarz can tell you, has been the most flexible of the funding dollars that we've had that have allowed us to really attack the homeless issue.

We are concerned that if that funding goes away and we are not able to replace it in any meaningful way, that we will see adverse consequences of that cut: increased homelessness, families, things like that that we hope that we can avoid.

But we are concerned as well.

COUNCILWOMAN BLACKWELL: Well, I'm hoping that we will have a plan for them because, you know, people can't live on the streets. I've been here long enough to see it in all extreme fashions, and we've come a long way.

MR. ARMBRISTER: We have.

COUNCILWOMAN BLACKWELL: And I'm hoping that while I'm still able to walk and work that we'll get rid of homelessness in Philadelphia. It's always been my goal, my vision, and my dream.

But certainly I am concerned about us walking backward because it's just frightening, and it would be devastating.

And certainly, we found in Center City, as we just expanded the Convention Center, and we want to do all of these programs, people don't want to see homeless people in even greater numbers on the streets. They don't want

to be there, people don't to want to see them, but we can't legislate them away or cut them away be; they'll be there unless we create programs for them.

MR. ARMBRISTER: Right.

COUNCILWOMAN BLACKWELL: So I always pledge my involvement in this issue, and we continue to work with OSH on this issue.

But certainly, I would hope that you could present to this Council, as we deliberate this budget issue, what plans are in those areas with DHS, the Health Department, and community-based health as it relates to schools and the NOSH.

MR. ARMBRISTER: Well, we will certainly do that.

And, Councilwoman, I just want to reiterate that it's certainly this administration's goal, much like yours, a shared goal in terms of ending homelessness as well.

COUNCILWOMAN BLACKWELL: Thank

you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA:

You're welcome.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam Chair.

Good morning.

PANEL MEMBERS: Good morning.

COUNCILMAN RIZZO: Chief of Staff, could you, or the appropriate person, bring us current on what we've spent, what we plan to spend, the current status of the WiFi network that we purchased?

MR. ARMBRISTER: Yeah. I'm going to have to ask Tommy Jones, if he's here, from DOT, to bring you up to speed.

Oh, Joe James is here.

COUNCILMAN RIZZO: I'm having trouble finding anything about that in this book, so maybe I just overlooked it.

(Witness comes forward.)

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DEPT. CHIEF JAMES: Good morning. Joseph James, Deputy Chief Information Officer for the Division of Technology. Good morning, Councilman.

We have spent -- the initial purchase of the facilities was about $2 million. And we used grant money to accommodate that along with some capital grant money

The operating cost is where we just started to take over the network and to reoptimize the network. Our operating cost is about $900,000, and it's in our Operating Budget.

COUNCILMAN RIZZO: So in the Five-Year Plan, it doesn't talk much about your plans for that. It mentions these computer centers, but it doesn't talk about any goal for the use of that in the next five years.

DEPT. CHIEF JAMES: I think it's part of our capital projects. We're talking about our overall network infrastructure investments. We view both

networks together, the wire line network and the wireless network, and we have substantial dollars in our Capital Budget to build out those networks and start to see the convergence of those two facilities into one facility.

So it's a combination of a plan we have in our Capital Budget, which we're going to talk about at, you know, our capital hearing. Tomorrow, we're going to talk about how we view the spend for the wireless network and the wire line network.

COUNCILMAN RIZZO: For the future, for the Five-Year Plan, is the mission of bringing WiFi to the communities, to the neighborhoods still a goal?

DEPT. CHIEF JAMES: No, sir. We are talking about taking the network and turning it into a public safety -- it's an internal network, and I believe that's how we proposed it all along.

It's a public-safety wireless

network. It's not going to be providing WiFi for residents; we're not in that business anymore. And we're going to use that for municipal services in addition to the public-safety, first responders.

COUNCILMAN RIZZO: Thank you.

DEPT. CHIEF JAMES: You're welcome, sir.

COUNCIL PRESIDENT VERNA: Are you finished, sir?

COUNCILMAN RIZZO: Yes. Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

Councilwoman Miller, is she in the room?

(Councilwoman Miller not present at this time.)

COUNCIL PRESIDENT VERNA: Councilwoman Tasco.

COUNCILWOMAN TASCO: Thank you.

I'd like to go back page 3 where you talk about the minimum requirement payment to the Pension Fund.

And in your Five-Year Plan book, you talk about having a thirty-year review period of the amortization payment.

Could you explain the City's role in funding the pension plan? because you say in the testimony that we are -- we are -- you have required payments into the Pension Fund now in order to support the pensions of current and future workers, so I need you to explain that.

And also, through the years and how far back, maybe beyond the thirty-year period have we had issues with the City's contribution to the pension plan? Could you talk about the performance of the pension plan?

MR. DUBOW: Right.

COUNCILWOMAN TASCO: Which is a separate entity, but also the unfunded part, and it's the unfunded part -- and I think just for the record to be very clear, what we're talking about is, where is the unfunded portion of the pension plan coming from?

MR. DUBOW: Okay. So the way the Pension Fund is funded, there are two primary and then some smaller funding sources for the Pension Fund.

The biggest sources are the City's contribution, our annual contribution, and investments earnings on the fund. It also gets State contributions and contributions from employees, but they're smaller.

The fund is about 47 percent funded, which means that the -- and if you look at the assets, it has -- they're able to only pay about 47 percent of the fund's liabilities.

So our actuary does a schedule for us that shows -- that essentially treats that unfunded portion of liability as a loan and has it paid off like a thirty-year mortgage. And so, that's the amortization payment that we make.

Our funding percent was very low through the late '90s; it was in the 40s. And then the City did a pension

obligation fund, which essentially was borrowing from capital markets to money into the Pension Fund. That took the funding percent up to around 80 percent.

But mostly because of losses in the market, two big stretches -- one earlier last decade and then the one two years ago. We've seen our funding percent go from in the high 70s about a decade ago to the high 40s now.

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COUNCILWOMAN TASCO: And that portion of that the City has to make up through its General Fund?

MR. DUBOW: Yes, yes. And the amount that we've had to pay through the General Fund has gone from over 200 million to well over 400 million and over will get to be over 600 million during the course of the Five-Year Plan.

COUNCILWOMAN TASCO: Okay. So how does it go from 200 million to 600 million?

MR. DUBOW: Well, for example,

when -- if the two main sources of funding are General Fund contribution and the earnings, if the earnings miss -- there's an assumption that we'll earn 8.15 percent. If we miss that earnings assumption, the General Fund has to compensate for it.

COUNCILWOMAN TASCO: Mm-hmm.

MR. DUBOW: Two years ago, when the markets collapsed, we lost, I think it was about, 17 percent.

COUNCILWOMAN TASCO: Mm-hmm.

MR. DUBOW: So we missed the mark by 25 percent, missed our assumption by about 25 percent. And we were talking about investments on almost $4 billion; that's a lot of money. And then we have to make that up over time.

And so, that's why our payment's gone up so much over the last few years.

COUNCILWOMAN TASCO: Mm-hmm.

In terms of the new program where employees have a choice, how is that

progressing?

MR. DUBOW: So that has been in place for about a year for Police and Fire.

COUNCILWOMAN TASCO: Mm-hmm.

MR. DUBOW: It was awarded in the two arbitration awards. New employees have a choice of staying in their current plans and increasing their contribution from 5 percent of pay to 6 percent of pay or going into a new hybrid plan that combines the typical defined-benefit plan with the 401(K.

In the first police class, all of the members of that class decided to go -- decided to increase their contributions from 5 to 6 percent. And we haven't had another class or a fire class since then.

COUNCILWOMAN TASCO: Okay.

COUNCIL PRESIDENT VERNA: Councilwoman, your time is up.

COUNCILWOMAN TASCO: Oh, it is? Time goes fast.

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COUNCIL PRESIDENT VERNA: The Chair recognizes Councilwoman Miller.

COUNCILWOMAN MILLER: Thank you, Madam President.

Some of these -- some of my questions may have been asked -- I'm not really sure -- while I was out of the chambers.

But I just wanted to know, how did you lower -- or what happened to the 1600 positions that are no longer -- where people are no longer working? Were they layoffs? How did that number decrease? And are those jobs still vacant or not going to be filled? What's the status?

MS. RHYNHART: A very small portion of that were actually layoffs. When we -- the majority of those -- of the decrease is not filling vacancies.

And a portion -- there are vacancies in the City's government that can be filled, but there is -- there has been some downsizing of the City's

workforce as part of just dealing with the financial crisis and the impact on the City.

But we have -- at least there haven't been that many layoffs; there's very few. Most people we place within other departments of the City.

COUNCILWOMAN MILLER: Okay. So how many --

MR. DUBOW: But the positions are gone from the budget.

COUNCILWOMAN MILLER: Okay.

MR. DUBOW: So they've been eliminated.

COUNCILWOMAN MILLER: Okay. So last year this time, how many employees did you have on City payroll, and how many do you have now? 'Cause I would assume it's even more than 1600, 'cause what about those folks that are just retiring?

MS. RHYNHART: Okay. We have the Fiscal '11 Adopted Budget, so that would have been last May. It was 23,296

positions, and now we have 22,023.

COUNCILWOMAN MILLER: Okay. And I had heard earlier that the freeze, the employment freeze, was potentially going to be lifted this year, and I don't know -- did you hear me?

MR. ARMBRISTER: Yeah, I can hear you.

COUNCILWOMAN MILLER: Okay. I had heard that the employment freeze was going to be lifted this year. What would happen with the state and federal budget?

MS. RHYNHART: Mm-hmm.

MR. DUBOW: I missed a little bit of what you said, but I think what you're asking about is whether we are kind of loosening up on hiring people. We're not; we're doing the same level of scrutiny for each hire that we've been doing for the last two years.

(Timer bell rings.)

COUNCILWOMAN MILLER: Okay. Was that the bell?

COUNCIL PRESIDENT VERNA: Go

ahead. They had to look for information. You have one more question you could ask.

COUNCILWOMAN MILLER: Okay, all right. Did anyone ask you while I was on it, could you please explain Philly Rising? And where was the pilot neighborhood and where do you plan on expanding this year?

MR. DUBOW: John?

(Witness comes forward.)

MR. FARRELL: My name is John Farrell Deputy Managing Director for the City of Philadelphia.

Philly Rising is a pilot program that the Administration has been trying, where we're trying to do a better job of coordinating how the City delivers its resources in areas that have particularly high levels of crime and quality-of-life issues. That's kind of the very short version;

There's a much longer explanation. We've got about 40 City agencies participating and about 30

nonprofits that have been helping us with this too.

COUNCILWOMAN MILLER: Well, it sounds really good. So where did you start it? What neighborhood did you start in?

MR. FARRELL: Yes, we started in Councilman Clarke's district, in the Hartranft community, which is around 10th and Lehigh to Sixth and York. We've since expanded to West Philadelphia, right around the Haddington Library. We'll be starting very shortly by the Frankford Hospital, and we're in the Market East neighborhood.

COUNCILWOMAN MILLER: All right. So how do you determine which neighborhood to go in? Is it determined by crime statistics or what?

MR. FARRELL: Yes, all of the above.

The process that we're using right now is that the Police Department is nominating areas that have a

particularly high level of crime, and we're seeing where they need help beyond regular police enforcement.

So we're really trying to find areas in a statistical basis that have high levels of quality-of-life issues. So that could be vacant homes, vacant lots, high litter rates, SWEEP violations, anything like that.

And we're actually mapping it and looking at where the police have said they need the most help and seeing where we have a high level of coincidence between those different types of factors.

COUNCILWOMAN MILLER: So do you have citywide mapping or mapping per police district and then --

MR. FARRELL: We're doing both, depending on what the suggestion is.

COUNCILWOMAN MILLER: All right, okay. I'm just trying to figure out where it can come in the Eighth District.

(Laughter.)

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MR. FARRELL: That's an excellent question. And the request that went into the funding, Councilwoman, is basically to get more people doing what I'm doing. Essentially, I'm doing a lot of the coordination right now and partnering with folks.

What the funding would do is give me a few people who would be able to do coordination in different parts of the City. The idea is that with six personnel under me, we could be reaching all different neighborhoods across -- citywide.

COUNCILWOMAN MILLER: Okay. So if we need to talk about this further, who do I call, you?

MR. FARRELL: Yes, please.

COUNCILWOMAN MILLER: Okay, all right. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman

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Goode.

COUNCILMAN GOODE: Thank you, Madam President.

We began talking earlier about whether this is just a financial plan or a strategy, and I talked about projections for the unemployment rate.

Before my time runs out, I'd like you to tell me your projections for the poverty rate, the graduation rate, and the prison population, and what investments are being made in the next five years to lower the poverty rate, to increase the graduation rate, and to reduce the prison population.

MS. RHYNHART: Councilman Goode, we don't have projections for the poverty rate and a few of the other statistics you mentioned, but we have --

COUNCILMAN GOODE: Let's just take it one at a time.

MS. RHYNHART: Sure.

COUNCILMAN GOODE: First, if you have a projection for the poverty

rate, what is it? And if not, what investments are being made to lower it?

Then, two, projection for graduation rate, if you have it. If not, then what investments are being made?

And same for the prison population.

MS. RHYNHART: Okay. Maybe we could start with the graduation rates since Laurie just joined us.

In terms of -- we don't have -- the budget doesn't set forth the actual projections for those items, but why doesn't Lori take the graduation goal.

(Witness comes forward.)

MS. SCHORR: Good morning. Lori Shorr, Mayor's Chief Education Officer.

Around the graduation rate, we've been sort of working on a couple of fronts, both what's happening inside and working with the District on what they're doing to increase their graduation rate.

As you probably know, their

graduation rate has been increasing steadily over the last ten years. We're not where we need to be at all, but --

COUNCILMAN GOODE: Let me stop you real quick. The question is: Do you have a goal for graduation rate or not?

MS. SCHORR: Yes.

COUNCILMAN GOODE: And if not, what investments have you made? I believe the Mayor did set a goal for graduation rate?

MS. SCHORR: Yes.

COUNCILMAN GOODE: And I'm assuming that there might have been one set by the school CEO's 2014 plan as well?

MS. SCHORR: Yes. So the Mayor has a goal, and it is in coordination with the Superintendent, of around an 80 percent graduation rate five years from now.

COUNCILMAN GOODE: Okay. Thank you.

MS. SCHORR: Is that it?

COUNCILMAN GOODE: That's it. Poverty rate or prison population rate, either one.

MS. RHYNHART: On the prison population, in terms of budgeting, the Fiscal '12 proposed budget includes about a $2 million cut to the Prisons' budget, and that is based on the assumption of keeping the prison census below 8,000, which it is below 8,000 now. And that is --

COUNCILMAN GOODE: The question is what is the goal for --

MS. RHYNHART: Five years?

COUNCILMAN GOODE: Five years from now. This is a five-year plan and if there's a five-year strategy, then what will the prison census be five years from now?

(Witness comes forward.)

DEPT. MAYOR GILLISON: Good afternoon. Everett Gillison, Deputy Mayor for Public Safety.

Working with the Criminal

Justice Advisory Board and all of our stakeholders --

(Timer bell rings.)

DEPT. MAYOR GILLISON: -- we are looking to close a prison; and if we are able to do that, the goal would be that we would have prison numbers down to 6500 in the five years.

COUNCILMAN GOODE: Okay, thank you.

And I got the other question in, so you could answer the poverty rate, if someone could answer the poverty rate question as well.

DEPT. MAYOR GILLISON: I don't know if I'm qualified.

MS. RHYNHART: In terms of the poverty rate...

MR. ARMBRISTER: Councilman, I'm not aware that the Administration has set a goal for the poverty rate in Philadelphia. You know, as we discussed earlier, a lot of those things are outside our control, so we want to get it

as low as possible, is our goal, but we don't have a stated goal.

COUNCILMAN GOODE: So the other part of the question is: So what investments being made within the Five-Year Plan, would you say, will impact the poverty rate?

MR. ARMBRISTER: Well, some of the ones that I mentioned before. I think the work that we're doing in workforce development, we think, will have a significant impact.

We think the investment that we're making in literacy and in educational outcomes, both not only for students, but for adults as well, particularly with respect to adults; a significant portion in population in Philadelphia are functionally illiterate.

So we think that those investments, although modest, will generate significant benefits to the citizens of Philadelphia and to the economy.

COUNCILMAN GOODE: Well, there's a lot of workforce money.

MR. ARMBRISTER: There is a lot of workforce money.

COUNCILMAN GOODE: Okay. Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam Chair.

Good morning -- good afternoon.

MR. ARMBRISTER: Good afternoon.

COUNCILMAN CLARKE: Yeah, good afternoon.

Actually, I want to follow up on the questions to Mr. Farrell, but I will get that on the comeback since now we only have three minutes.

Can you tell me -- and this was not in your testimony, but it does have some long-term, five-years-and-beyond

implication. The categories of debt service that we have in the City, say there's debt on various types of bonds.

MS. RHYNHART: Right.

COUNCILMAN CLARKE: There's debt on --

MR. DUBOW: There's General Obligation debt, there's Authority debt, there's Water Fund debt, Aviation Fund debt.

Is that what you're asking?

COUNCILMAN CLARKE: And the numbers associated it. And I will understand if you can't give me the specific numbers.

MS. RHYNHART: Sure. The General Obligation bonds and what Rob just referred to as the Authority lease debt, those are both General Fund obligations, and there is a page in the --

COUNCILMAN CLARKE: In the pension debt?

MS. RHYNHART: The portion of

pension debt that's General Fund-supported is also the 86 percent that relates to the General Fund will be included in the General Fund budget as well.

COUNCILMAN CLARKE: All right. Any NTI bonds?

MS. RHYNHART: The NTI bonds would be in the General Fund budget.

COUNCILMAN CLARKE: That's what I'm saying. There's --

MR. DUBOW: The NTI bonds are in the authority debt.

COUNCILMAN CLARKE: Right.

MS. RHYNHART: Yeah.

MR. DUBOW: So they would show -- that shows in one of two categories. It's either Class 200 or Class 700. If it goes through an authority, it's Class 200, so the NTI bonds, the stadium bonds --

COUNCILMAN CLARKE: Right, okay, I gotcha.

(Indiscernible; parties talking

over each other.)

COUNCILMAN CLARKE: So if we were in a position to infuse a significant amount of cash to pay off or pay down the debt, it would free up the General Fund in some respect 'cause we wouldn't have to make those payments; am I correct?

MR. DUBOW: That's correct.

MR. ARMBRISTER: You mean, could we relieve ourselves of the debt service?

COUNCILMAN CLARKE: Yeah.

MR. ARMBRISTER: Sure.

COUNCILMAN CLARKE: So, for instance, if we were able to have significant municipal asset sales -- and I think you may know where I'm getting ready to go with a certain parcel over at 16th Street that's said to be conceivably worth $35, 40 million on the private sector, and we were able to apply that $40 million to pay down the debt on, say, the NTI bond other lesser bonds, that

would enhance our ability, 'cause I don't believe in selling municipal assets for operating costs; I think that's not a good policy.

But if you can reduce the debt on long-term issues and freeing up General Fund revenue, therefore being in a better position to enhance your operation of the City, do you believe that's a smart practice or a prudent practice?

MR. ARMBRISTER: It can be, certainly. It depends on the asset. And like you said, if you're going to put it to good use to reduce long-term obligations, it could be.

(Timer bell rings.)

COUNCILMAN CLARKE: Wow, that was quick.

Okay. There was one other asset going to throw it out there, and I know, Madam President, if you allow me to.

One is the Love Park -- and,

obviously, I have to cut to the chase now with three minutes. There's some thought it might be worth $40 million, and I know there was a particular interested party but -- and, actually, I think Councilman Green talked about this last year, the possibility in understanding that there's some State implications that need to be authorized as it relates to our ability to sell parking meters, understanding that we can't sell the enforcement 'cause State provisions require that it's some sort of municipal entity that does the enforcement, that there's a possibility of getting a significant return on that sale that could make a significant impact, if we're able to do it.

That -- again, would you agree that that might be a -- anybody. Anybody.

MS. RHYNHART: That is something we're looking at in terms of -- you mentioned the Love Park garage. There's various other questions that need

to be worked through in terms of if it makes sense for the City to own the garage, to operate that garage, but we are looking at that, so --

COUNCILMAN CLARKE: All right.

MS. RHYNHART: We agree with you.

COUNCILMAN CLARKE: I mean, we're talking about maybe not us going in more debt, but they're talking about the Parking Authority issuing a bond and going in debt to repair a garage that could actually help us reduce our debt.

MS. RHYNHART: I hear what you're saying.

COUNCILMAN CLARKE: You understand what I'm saying?

MS. RHYNHART: Yes, very much so.

COUNCILMAN CLARKE: All right. And are you also looking at the -- well, I guess you will be now since I bring this up -- the possibility of parking meters?

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MS. RHYNHART: Of selling parking meters?

COUNCILMAN CLARKE: Yes.

MS. RHYNHART: I think that's under the State's control.

COUNCILMAN CLARKE: Well, not that I recall. There are two issues. And the control that we gave up years ago, I think, frankly speaking, if it proved to be something that we can get a consensus is a simple agreement that can be altered, that would allow us to do that.

And I'm not suggesting that it's easy, but I think that it warrants us looking at it, given our ability to get rid of this significant debt when we talk about our pension problems and all of the other problems. I really would like to see us get aggressive and outside of the traditional box.

Okay, I understand it's a very complicated issue that requires some State approval.

MR. ARMBRISTER: Yeah.

MS. RHYNHART: I think those are good questions. And it is important for us to look at the cost benefit of ownership versus sale. That one might be very complicated, but it's something that we'll look at.

COUNCILMAN CLARKE: Okay, all right. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Thank you, Madam President.

Good morning, Administration.

MR. ARMBRISTER: Good afternoon.

COUNCILWOMAN BROWN: On page 6 of your testimony, you speak to the Mayor's Commission on Literacy and the $1 million allocation. Thank you for that.

How would that money be allocated, and will the commission be providing those services directly or engaging in subcontracting opportunities with outside organizations?

MR. ARMBRISTER: I know that they are in the process, Councilwoman, of planning that. I'm not sure that those plans are firmed up at this point.

But the money is housed over in the Library, with the Mayor's Commission on Literacy, and working with the Library, the Mayor's Chief Educational Officer, and others that are working on a plan to figure out how those monies are going to be allocated.

COUNCILWOMAN BROWN: I would ask that at the appropriate hour for those Councilmembers that are interested, we get a briefing on that.

MR. ARMBRISTER: Sure.

COUNCILWOMAN BROWN: 'Cause what we don't want to see is what we've seen happen a little too often in the

Department of Human Services, where smaller legitimate providers of service, for right reasons or wrong reasons, get squeezed out of those kind of opportunities.

MR. ARMBRISTER: We'll make that briefing available to you.

COUNCILWOMAN BROWN: Okay. And I'll ask this question, with an answer coming later: I'd be curious to know how many commissions we have in government and what the total budget is of all of those commissions.

And think through how and if there are ways to -- and I know that, you know, this involves Charter change activity, but exploring -- there's no penalties in just exploring.

Those two answers first. How many we have and what the bottom-line budget is of all of those commissions.

MR. ARMBRISTER: Okay.

COUNCILWOMAN BROWN: You also talk about in the Office of Property

Assessment, there would be technology investments. What type of contracting opportunities will be available there, and what will be the process for ensuring that MBE, WBEs, and DBEs have access?

MR. ARMBRISTER: Okay. I'll start, and Mr. Dubow could jump in.

I wanted to at least state that the Administration's position as it relates to making sure opportunities are available for all contracting and that the OPA, or Office of Property Assessment, would be treated no differently than any other process that we have in this administration, which is to make sure that those opportunities are made far and widely known to all participants.

We've had a very good year. It was about a year -- I was looking at some old testimony. It was about a year ago last year, just before we had brought on Angela Dow Burton, who's done an outstanding job in making sure that

throughout this government, there's infused responsibility among the managers for making sure that there are opportunities available.

(Timer bell rings.)

MR. ARMBRISTER: So without fear of contradiction, I would beg to say that certainly opportunities in OPA, just like in any other department, will be made available for all bidders who are capable of doing the work.

COUNCILWOMAN BROWN: Okay. The clock has struck. So I'll pick up on the back end.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

Well, the committee will stand in recess until 1:30, and wherever the Councilmembers are on the schedule, we'll come back and recognize you at that time.

(Short break taken.)

(Proceedings resume.)

COUNCIL PRESIDENT VERNA: The

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Committee of the Whole is now back in session.

The Chair recognizes Councilman Jones.

Councilman, just a moment, please. I understand Mr. Armbrister wants to make a statement.

MR. ARMBRISTER: Thank you, Council President.

I justed wanted to clarify. There was a portion of my testimony that might have been a little misleading related to L&I that I'd just like to clarify.

The sentence on page 9 referencing L&I's reduction on the backlog of clean-and-seals is a little misleading because it's out of context.

COUNCIL PRESIDENT VERNA: I'm sorry.

MR. ARMBRISTER: The sentence reads: "L&I reduced is clean-and-seal backlog to nothing, and turnaround time for service is now 10 days versus 270

days just a few years ago."

What that doesn't take into account is that for the Clean-and-Seal Unit to actually abate the property, they actually need to give the property owner an opportunity to fix the property himself.

So that actually adds more time. So I didn't want to give the impression that it's only ten days. It takes ten days after it's gone to the Clean-and-Seal Unit, which allows for time for the property owner to fix it.

So it's about seventy days, but it's still a remarkable reduction --

COUNCIL PRESIDENT VERNA: It certainly is.

MR. ARMBRISTER: -- from the eight to ten months that we had previously. I just wanted to clarify that for the record.

COUNCIL PRESIDENT VERNA: Very well, thank you.

Councilman Jones.

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COUNCILMAN JONES: Thank you, Madam President.

I want to go back to my original line of questioning, and the difficulty is, by the time you recycle to the original question, you may forget.

I was responding to resolution -- or speaking to Resolution 100848, which deals with the analyzation of whether we contract out our contract or retain work internally to perform.

And one of things that I wanted to do was -- a part of that resolution calls for an RFP committee, which is to look at opportunities in addition to contracting out in a similar model that we used to do stimulus dollars. We had a coalition of people from the Administration and City Council to look at opportunities from the federal government.

It's a two-part question. One: Where are we with the stimulus dollars, and how much is left, and have we

expended them, and did we get drunk off of them, and how are we going to sober up in this fiscal year based on them drying up?

And whether or not we are going to have that kind of continual RFP model to attract new revenues, new resources to various City departments.

MR. ARMBRISTER: In terms of -- I'll answer the easiest part of that question first and then leave the details to those who are better qualified to answer.

The answer to the question as to whether or not we got drunk off of the stimulus money, the answer is an emphatic no, we did not.

The one area of additional expense in our budget proposal that we've included is some money for the fifty probation officers that we did hire through stimulus money, and we think it's prudent to retain those, so there is money included in the budgets for that.

Other than that, though, in terms of operating dollars that would affect our General Fund Budget, no, we did not get drunk off those monies.

And in terms of actual expenditures, I'll turn it over to Rob and his staff.

MR. DUBOW: In terms of the amount that's been spent and obligated, it's about 50 percent that has gone out so far. Most of the projects were two- or three-year projects.

So it's not surprising that it hasn't all gone out the door; and, obviously, we're trying to push it out as quickly as possible 'cause we want to get dollars on the street and get people working, but we're still, you know, in the processes.

COUNCILMAN JONES: Were the vast majority of those dollars capital-related dollars as opposed to programmatic?

MR. DUBOW: It varied. I mean,

some of them were programmatic and some of them were capital. I don't know whether we've looked at it that way in terms of doing, you know, the percent that was capital, but...

COUNCILMAN JONES: Can you provide for Madam President a breakdown of what those anticipated expenditures will be coming up and to see how they are by department so we can --

(Timer bell rings.)

COUNCILMAN JONES: -- kind of keep an eye toward it?

MR. DUBOW: We can actually talk to that right now.

(Witness comes forward.).

MS. PORTER: Good afternoon.

COUNCILMAN JONES: Good afternoon.

MS. PORTER: My name is Maari Porter. I'm the City's capital officer.

In terms of capital funds, about 25 percent of our funds is on capital works; that's 65 million, 6-5

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through 07, 6-1-3 [sic] in our funds are for capital.

COUNCILMAN JONES: About.

MS. PORTER: About, yeah. I can just go quickly through what they are.

So we have for the Airport, we have what's called "baggage screening," where we're basically updating the baggage there. That's 26 million.

We have the City repaving in different and various neighborhoods across the City. There's $15 million there.

There's also the rehabilitation of the runway, of one of the longest runways that the Airport has. That's 5.7 million, and that work has been completed already. I'd like to say ahead of time and on budget to the dollar.

We also had $200,000 going to waste water loans. That's also been completed.

And we've recently been awarded

17.2 million from what's called "a Tiger Grant," but it's basically bike trails along the Schuylkill and along the waterfront.

So that's just a very quick overview of the capital projects.

COUNCILMAN JONES: I didn't hear -- and I don't know if this is a different category, but the grant we got for the streetlights.

MS. PORTER: Mm-hmm.

COUNCILMAN JONES: Is that included in those dollars?

MS. PORTER: So, actually, that's not included in those dollars. That's part of what's called "the EECBG Grant," and it's a $14 million grant.

You're correct, actually. The LED lights were part of -- they were Capital funds, and actually, I should add to that that also, we used some money for BigBellies. We bought, I think, about just about $1 million in BigBellies, but I can get you the LED data and also the

BigBelly data as well.

COUNCILMAN JONES: And what about the weatherization money; is that included in that?

MS. PORTER: That's not included in the City's calculations in terms of ARA. That was given to PHDC; that's their money. That weatherization money is $15.8 million, but that's nothing that -- you know, the Recovery Office, we watch what they're doing, but that doesn't come through the City; therefore, that's through their own budget.

COUNCILMAN JONES: If you could do for Madam President a quick calculation not held to the penny --

MS. PORTER: Sure.

COUNCILMAN JONES: -- of what the impact of the stimulus dollars from the federal government were to the City of Philadelphia, including SEPTA, PHA, and others, a rough amount of dollars expended to the City of Philadelphia.

MS. PORTER: I don't know what SEPTA is, but I can tell you to the City of Philadelphia in terms of people, for example, at the University of Pennsylvania, as of the 31st of December 2010, Philadelphia, as a kind of city region, got $2.1 billion.

COUNCILMAN JONES: Say that again?

MS. PORTER: $2.1 billion.

COUNCILMAN JONES: Billion with a B.

MS. PORTER: Yeah.

COUNCILMAN JONES: Thank you, federal government, President Obama.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

You mentioned that stimulus money, a portion of it was going for weatherization.

MS. PORTER: Correct.

COUNCIL PRESIDENT VERNA: Is any of that going for basic system

repairs?

MR. ARMBRISTER: Council President, to the best of my knowledge, I think it's not; I think it's going strictly to weatherization. But we can confirm that. I think that's considered a separate program, but I think the weatherization money was strictly limited to weatherization, but I'll confirm that.

COUNCIL PRESIDENT VERNA: I'm being told that there are people who are waiting for year upon year upon year for basic systems. Can somebody give us more information on that, please?

MR. ARMBRISTER: Sure. We'll get that.

COUNCILMAN JONES: Madam President?

COUNCIL PRESIDENT VERNA: Yes, sir.

COUNCILMAN JONES: (Not completely audible; off-mic.) ...were going to the RFP stimulus committee?

MR. ARMBRISTER: And if I

understand your question, Councilman, it's whether or not that is a model that we might -- it's certainly something that we can sit down and talk about as an administration.

Obviously, when the ARA funding came out, we were under very, very strict guidelines and time pressures, and thought it certainly in the best interest of the City that we made sure we had a very broad-based oversight of that.

In terms of RFPs that are issued by the City departments, you know, we're all subject to Chapter, I guess, 17 of the Code. And, you know, that's something that we can certainly take a look at to make a determination.

COUNCILMAN JONES: I think maybe you -- similar to what we did with the stimulus committee, we looked at the federal government and maybe even state to look at opportunities --

MR. ARMBRISTER: Oh, sure.

COUNCILMAN JONES: And I just

think when we start talking about rate of return with a B, billion, it's a model that --

(Indiscernible; parties talking over each other.)

MR. ARMBRISTER: It's certainly something that we can take a look at, sure.

COUNCILMAN JONES: Thank you.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair finally recognizes Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: Thank you, Madam President.

Good afternoon.

I want to talk a little bit -- we spent a little bit of time this morning talking about pension reform. I want to talk a little bit about the health care, 'cause in your testimony, the Administration speaks to the FOP becoming self-insured, and that's saving $67 million, and for non-union City

employees, a savings of $6 million.

Can you tell me which non-union employees fall under self-insurance, and are we managing that?

MR. DUBOW: It's employees who are in the City-administered plan, so that's our nonrep employees, our exempts, and DC 33 members who have opted into the City-administered plan.

And, yes, we manage that.

COUNCILWOMAN SANCHEZ: And what's the number there, currently?

MR. DUBOW: The number of current employees in there?

COUNCILWOMAN SANCHEZ: Mm-hmm.

MR. DUBOW: I don't know whether Al D'Attilio is -- oh, he's right there. I was looking the wrong way.

(Witness comes forward.)

MR. D'ATTILIO: My name is Albert D'Attilio, and I'm the City's human resources director.

And the question is about the number of employees who manage the

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self-insurance?

COUNCILWOMAN SANCHEZ: Mm-hmm.

MR. D'ATTILIO: We currently have a director --

COUNCILWOMAN SANCHEZ: No, no, no, enrolled in the self-insurance plan.

MR. D'ATTILIO: It's about 6,000 employees.

COUNCILWOMAN SANCHEZ: So there's about 6,000 employees. Are there any employees who could be in there that are not a part of the collective-bargaining agreement, or does that universe capture everybody that is non-represented, non-collective bargaining unit?

MR. D'ATTILIO: It captures all non-represented civil service employees, it captures all exempt employees, and it captures approximately 1500 to 1800 fair-share employees, mostly in District Council 33.

COUNCILWOMAN SANCHEZ: So the $6 million realized in savings is

attributed to what?

MR. D'ATTILIO: It's a combination of self-insurance. We went out to market on our four plans -- medical, dental, health, optical and prescription -- and we made some minor plan design changes.

COUNCILWOMAN SANCHEZ: Thank you.

Mr. Armbrister, the Five-Year Plan calls on savings from the unions. What is the number that we're looking for savings from the --

MR. ARMBRISTER: If you recall, in our original Five-Year Plan, we had included $25 million worth of savings. Over the last two-and-a-half years, we've managed to realize some portion of that savings through the contract that we have with the FOP, and we anticipated savings that we've the gotten also from the non-represented employees that you heard Mr. D'Attilio just describe.

Of that $25 million, we have

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saved approximately...

(Timer bell rings.)

MR. DUBOW: Yeah, we're showing in the plan 11.8 million because we've achieved the other 13.2.

COUNCILWOMAN SANCHEZ: So we've achieved 13.2. And so, we're showing $11 million in --

MR. DUBOW: 11.8.

COUNCILWOMAN SANCHEZ: $11.8 million --

MR. DUBOW: That's what need to achieve --

(Indiscernible; parties talking over each other.)

COUNCILWOMAN SANCHEZ: In our discussions with the unions now, notwithstanding the fact that they've managed their health plan better than even we've managed it, but is health care one of those areas where you're looking to save some money?

MR. DUBOW: Yes.

COUNCILWOMAN SANCHEZ: Have

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discussions happened about unions potentially doing the self-insurance?

MR. ARMBRISTER: Not only have discussion been had, but one union has gone ahead, notwithstanding that we don't have an agreement, and gone to self-insurance, and that would be District Council 33. They've already, notwithstanding the fact that we don't have an agreement, gone ahead, and they are now self-insured.

COUNCILWOMAN SANCHEZ: Okay. Are we going to get a union contract this year?

MR. ARMBRISTER: When?

MR. DUBOW: Did you say "this week"?

COUNCILWOMAN SANCHEZ: Are we?

MR. ARMBRISTER: I'm hopeful that we will ultimately come to a resolution with the outstanding unions and get a contract. I'm hopeful.

COUNCILWOMAN SANCHEZ: Okay. My time is up. Madam President, my time

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is up.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: I pass, Madam President, please. I'll be right back.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam Chair.

I'll pick up where Councilwoman Sanchez left off. What does the Five-Year Plan tell us about labor contracts?

MR. DUBOW: What does it assume?

COUNCILMAN GOODE: Yes.

MR. DUBOW: It assumes that for the unions who don't have collective-bargaining agreements, we will wind up reducing our costs by $11.8 million through some combination of reductions in

benefits and reductions in things like overtime.

COUNCILMAN GOODE: So financially, it assumes that without union contracts, we'll have to reduce spending by that amount.

MR. DUBOW: That's right. We would have to.

COUNCILMAN GOODE: So there is, for lack of a better way of putting it, a negative amount of money in the Five-Year Plan, there's less money in the Five-Year Plan.

MR. DUBOW: For the unions that don't have collective-bargaining units.

So for the FOP, for example, we've built in the salary increases and assume an increase in health-care costs. But for the unions without agreements, that's right.

COUNCILMAN GOODE: Okay. Another question I have, and if I can get them both in quickly. On the same theme of what happens over the next five years,

at the end of five years, what percentage of City contract dollars is projected to be awarded to business owned by women, people of color, and disabled?

MR. ARMBRISTER: I don't see Andrew (indiscernible), but I think the current -- I know you asked for the five-year; I'm not trying to (indiscernible) the five-year. But certainly, the current plan is to be in excess of 25 percent.

COUNCILMAN GOODE: Okay. Next question: Will the living wage and benefits standard be applied to all City contracts over the next five years? Is there a cost related to that, or will it be cost-neutral?

MR. ARMBRISTER: I don't know. We would have to do some analysis on that.

COUNCILMAN GOODE: Can you please forward that through the Chair? 'cause I would really like that in writing in terms of what the

Administration's position really is. And if that means that there's going to be any waivers given, that it be said upfront, if you know those of waivers, because I have heard that certain contracts have been told that they would be given waivers before they've applied for them.

And so, I will be asking that all of those departments on the record which contracts they believe have to adhere to this standard, and if they will -- if they anticipate any waivers and who will be enforcing it.

And just lastly, for the record, as the budget process goes on, I'll be asking every department what is their largest contract, and will be asking them for several pieces of information about that contract, including the RFP process as well as business-diversity and wage-rate issues.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: I

think I'm next, and you'll time me.

I am going to ask a question that I've been asking for every year now: How many vacant EMT positions does the Fire Department have?

MS. RHYNHART: It's -- I believe it's 73. I think the Fire Department could give more information, but --

COUNCIL PRESIDENT VERNA: You're turning your face and I can't hear your response.

MS. RHYNHART: Sorry. It's 73 vacancies currently, and I think the Fire Department could speak about their plans to fire, if you wanted more --

COUNCIL PRESIDENT VERNA: How many did we have last year at this time?

MS. RHYNHART: I believe we had a little bit less; I think it was around 67.

COUNCIL PRESIDENT VERNA: You're turning your face, hon. I can't hear a word you said.

MS. RHYNHART: I'm sorry. I believe it was 67, so there are a few more vacancies.

And I think there were certain factors that made it hard to hire, which I think the Fire Department could speak more about.

(Witness comes forward.)

COUNCIL PRESIDENT VERNA: Good afternoon, Commissioner.

FIRE COMMISSIONER AYERS: Good afternoon, Madam President.

COUNCIL PRESIDENT VERNA: Did you hear the question?

FIRE COMMISSIONER AYERS: Yes. And she was correct with the 73 vacancies.

We have moved forward with the hiring process. We currently will be hiring on April 25th 30 paramedics; that's our goal. April 25th, we should be having a class going in, and we're looking forward to it.

COUNCIL PRESIDENT VERNA: How

many did you say you will be hiring on April 25th?

FIRE COMMISSIONER AYERS:

Thirty is the goal.

COUNCIL PRESIDENT VERNA:

Thirty is the goal.

FIRE COMMISSIONER AYERS: Yes.

COUNCIL PRESIDENT VERNA: And what are you doing about the rest of the vacancies? And I'm sure that by the end of the year, you'll probably have many more.

FIRE COMMISSIONER AYERS: Yes. We've been working with Personnel. We have a list that's currently --

COUNCIL PRESIDENT VERNA: Just a moment, Commissioner.

Anybody having conversations, please do so in the corridor.

Please continue.

FIRE COMMISSIONER AYERS: Yes. We work with Personnel, and we have another list that will be available to hire from almost immediately.

So these thirty that's being hired, the rest of the folks that go onto that list, we'll process them. And as soon as this class is done, we'll hire another class.

COUNCIL PRESIDENT VERNA: And how long is the training period?

FIRE COMMISSIONER AYERS: The training period is going to be about seven weeks initially, and then they'll go into the field for precepting, and that takes approximately another eight to nine weeks. And then they'll be prepared to go into service for the citizens.

COUNCIL PRESIDENT VERNA: Commissioner, can you tell us how many emergency medical runs we've had in the last year?

FIRE COMMISSIONER AYERS: Yes. About 223,000.

COUNCIL PRESIDENT VERNA: About 223,000.

FIRE COMMISSIONER AYERS: Yes, that's correct.

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COUNCIL PRESIDENT VERNA: So, we talk about the vacancies. Can you tell us how many EMTs we have?

FIRE COMMISSIONER AYERS: EMTs, we have approximately 1100.

COUNCIL PRESIDENT VERNA: I'm sorry?

FIRE COMMISSIONER AYERS: We have approximately 1100.

COUNCIL PRESIDENT VERNA: And is there quite an accumulation of overtime as a result of not having the complement that we need?

FIRE COMMISSIONER AYERS: Yes, and that's being paid in overtime.

COUNCIL PRESIDENT VERNA: How much overtime?

FIRE COMMISSIONER AYERS: I can't tell you the exact number, but it would be multiplied by that 73.

COUNCIL PRESIDENT VERNA: We talk about public safety, and I'll tell you, I think every year, we're either told -- and Commissioner, you will agree

with me. We've been told in the past that we couldn't get people to apply; is that true?

FIRE COMMISSIONER AYERS: It was true. There were several things --

COUNCIL PRESIDENT VERNA: And how do we suddenly find thirty people now to apply and just about thirty more after that?

FIRE COMMISSIONER AYERS: It was based on the efforts that -- you sent us away with instructions. We did advertising. We have a battalion chief that regularly goes to all of the schools in the area; he does the recruiting and.

And also, we have changed the residency requirement, and that immediately brought on more people to be recruited.

And so, that's how that number came about.

COUNCIL PRESIDENT VERNA: And --

FIRE COMMISSIONER AYERS: And

one other thing: We also had continuous enrollment, thanks to Personnel, and that helped as well.

COUNCIL PRESIDENT VERNA: Well, I'm glad somebody hears us from time to time. We were told, as I said, last year that nobody, but nobody, was applying for it. So I think you've done a good job. Thank you.

Can you tell us, why aren't they cross-trained?

FIRE COMMISSIONER AYERS: There are several reasons for that. One is that, when we did cross-training at one period in time in the Philadelphia Fire Department, we found that there was many folks who did not go through the entire training, and they were actually cross-trained firefighters.

They would go back to their firefighter position, and we would have lost a lot of money putting resources in training and those persons not going through completely. We were losing up to

50 percent of our training dollars.

COUNCIL PRESIDENT VERNA: Okay, thank you.

The Chair recognizes Councilman Rizzo.

Thank you Commissioner.

COUNCILMAN RIZZO: Thank you for accommodating me, Madam Chair.

Clay Armbrister you could probably answer this question, or the Commissioner. If this has already been addressed, I apologized, but I'd like you to repeat it since I missed it, if that is the situation.

With the increase in the Fire Department's budget for Fiscal Year '12, the -- is it $4.4 million?

MR. ARMBRISTER: For the overtime?

COUNCILMAN RIZZO: For the Fire Department.

MR. ARMBRISTER: Yes, with the overtime and the other equipment that we're --

COUNCILMAN RIZZO: And I earlier heard you say that that did not include a Fire Academy class?

MR. ARMBRISTER: That's correct, it did not.

COUNCILMAN RIZZO: What about the rolling brownouts?

MR. ARMBRISTER: What about them?

COUNCILMAN RIZZO: Are you going to eliminate, stop those now with another $4.5 million?

MR. ARMBRISTER: No. The current Five-Year Plan continues that operation.

COUNCILMAN RIZZO: Well, what do you really need to eliminate the rolling brownouts? If you're going to ask for $4.4 million and still have the controversial role of --

MR. ARMBRISTER: We need the people, actually; we need the personnel.

And as I mentioned in my testimony is that we are at least a year

to 18 months away from being able to hire personnel that would account for the overtime, some of the overtime, that we're spending. But the rolling brownouts were designed to save on overtime; and they are, in fact, doing that.

So that's in the budget as well as money to pay for the additional overtime required because we are 70 firefighters short -- or 60 firefighters short.

COUNCILMAN RIZZO: So there's no way -- since you're not having a Fire Academy class, there's no way to lessen -- even lessen the number of rolling brownouts?

MR. ARMBRISTER: Well, that's certainly an operational decision for the commanders, and it was their recommendation when we gave them the target that they needed to hit for their budget, so --

COUNCILMAN RIZZO: So we should

not see -- and if you need to bring the commissioner back, I'd suggest you do that.

So we don't anticipate any change at all, not even lessen it, increase it?

MR. ARMBRISTER: No, because it would just increase the overtime expenses.

COUNCILMAN RIZZO: We'll have to have more to say about -- talk about that.

MR. ARMBRISTER: Sure.

COUNCILMAN RIZZO: Okay. Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Councilman Jones.

COUNCILMAN JONES: Thank you, Madam President.

I want to congratulate the Administration on reversing the tide of population loss and finally moving it in the right direction. And, again, I said it on the floor of Council during

session, that the attraction of new citizens here is a beacon that we're on the right track.

The one disturbing statistic from the census is that we've increased the amount of poverty in the City of Philadelphia. And I was wondering that the Five-Year Plan calls for, again, postponing the Cohen tax.

And if, in fact, we're having more poor people, wouldn't this be their rendition of a stimulus package to maybe put more money back in the local economy in light of the fact that on our sales tax increase, we actually received $88 million in revenue? I believe you quoted that statistic.

MR. ARMBRISTER: That's about right.

COUNCILMAN JONES: Is that a yes?

MR. ARMBRISTER: I think that's about right. He's concurring, I think, with that number.

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COUNCILMAN JONES: But this calls for us to postpone it once again?

MR. ARMBRISTER: That's correct. The credit for low-income wage earners is something that I'm sure the Council and others have struggled with.

The dollar-amount -- how much is it, Rob? It's about a $50 million cost over the life of the plan, and it's a matter of making a balanced judgment about whether or not there will be other cuts that would have to be made that might be, you know, deleterious to the people we're trying to help versus maintaining that particular -- or not implementing that particular tax reduction.

So it's -- on balance, it is a $50 million cost and one that, you know, we struggle with, but that is the current proposal from the Administration.

COUNCILMAN JONES: All right. I just wanted to understand that we are -- we -- the last time we asked to

postpone it, we were kind of assured that it wouldn't happen again, and here we are again, and I understand the cost, and I wanted to put that on the record. Fifty million is not small money.

MR. ARMBRISTER: No, it's not.

COUNCILMAN JONES: It is real serious money.

MR. ARMBRISTER: It is.

COUNCILMAN JONES: And I want my colleagues to realize and underscore, as Blondie says, and an exclamation point behind her, that we are, in fact, asking this as a part of adopting this plan.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: Thank you.

Good afternoon.

PANEL MEMBERS: Good afternoon.

COUNCILWOMAN SANCHEZ: I wanted

to make a special request for departmental report-outs to Council. Over the last couple of years, with obviously the hard work of my colleagues Goode and Blondell Reynolds-Brown, we've gotten to a place where departments are coming in with some EOP plans and some contracting goals.

The one area that we have not reported out and I'd like to -- I could send this in a letter, I'd like to get departments to report out the existing demographics of their staff and the new hires, particularly as it relates to minorities and language accessibility.

Echoing the point that my colleague Jones made, the census data shows us the new immigrants and the diversity in the City, but we haven't quantified department by department who do we have working here -- women, minority -- and how many of them can speak other languages other than English.

So I'd like for the departments

to make a small chart just to be able to tell us who are they existing, where we've hired, are they rank-and-file, are they supervisors, and the demographic information of them.

And the other thing that I'd like the departments to report out is, have any departments requested the creation of bilingual positions or of bilingual lists. So I'd like departments to start reporting that out.

I don't want to spend ten years asking the same question, but this is my fourth budget cycle, and I asked the same questions. It might be easier if departments report out. And then, therefore, we can have a discussion about that.

MR. ARMBRISTER: Okay.

COUNCILWOMAN SANCHEZ: So it's existing, new hires, which is supervisors, which is rank-and-file, and language accessibility.

Thank you.

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Thank you, Madam President.

COUNCIL PRESIDENT VERNA:

You're welcome.

You know, I'm happy to see that the prison population is declining. Can you tell us how many detainees are currently being held in the prisons?

MR. ARMBRISTER: Today's count?

COUNCIL PRESIDENT VERNA: Yes.

MR. ARMBRISTER: I can't, but I'm sure Deputy Mayor Gillison can.

COUNCIL PRESIDENT VERNA: It doesn't have to be exact.

MR. ARMBRISTER: It's under 7,000, but...

(Witness comes forward.)

DEPT. MAYOR GILLISON: 7726. Good afternoon, Deputy Mayor Everett Gillison.

The numbers are 7,726 today.

COUNCIL PRESIDENT VERNA: And of that number, how many of them are detainees?

DEPT. MAYOR GILLISON: The

normal way for us to look at it is, about three-quarters of them are detainees. That means that they have not been convicted of anything yet.

COUNCIL PRESIDENT VERNA: What are the prisons currently projecting to spend on health care this year? And can you give us the cost for detainees and those who are sentenced?

DEPT. MAYOR GILLISON: I didn't bring that with me.

COUNCIL PRESIDENT VERNA: And is anybody ever going to look at the health-care issue with the prisoners and the detainees?

DEPT. MAYOR GILLISON: Oh, absolutely. I can tell you that the RFP was done for the health care --

COUNCIL PRESIDENT VERNA: I'm sorry. Pull the microphone closer.

DEPT. MAYOR GILLISON: I'm sorry. The RFP was done on the health care and was actually let last year. And I know that Dr. Herdman actually did a

very good job of keeping the relative costs to a minimum increase. We have a very good -- we have a very good contract going forward.

So the cost, I'm sure -- I don't have it with me right now, but I can get it in just a couple of minutes if you'll allow me just to go back. I can actually pull it back out.

COUNCIL PRESIDENT VERNA: I think there's somebody behind you.

DEPT. MAYOR GILLISON: The current costs is -- the health-care cost is $65 million. Dr. Herdman is right behind me.

COUNCIL PRESIDENT VERNA: I don't know what's wrong, but I cannot hear you.

DEPT. MAYOR GILLISON: I'm sorry. I'll try and just yell.

COUNCIL PRESIDENT VERNA: Thank you.

DEPT. MAYOR GILLISON: The cost is $65 million for the health-care costs

for the prisons, but we did not break it out by detainee and sentenced. And I can try and see if that can be available for the Chair, if you need it.

COUNCIL PRESIDENT VERNA: I think we'd all be interested in seeing what that is, because we've been talking about that also for a number of years.

DEPT. MAYOR GILLISON: Very well.

COUNCIL PRESIDENT VERNA: Thank you. Thanks.

DEPT. MAYOR GILLISON: Okay, thanks.

COUNCIL PRESIDENT VERNA: On page 50, the plan reflects a chart of health-center visits. Can someone tell us what the wait time is for an initial visit and also for an appointment?

MR. DUBOW: Yeah. Dr. Schwarz is coming up.

(Dr. Schwarz comes forward.)

COUNCIL PRESIDENT VERNA: Ah, the good doctor.

(Laughter.)

I know you're going to know that answer off the top of your head.

DR. SCHWARZ: Well, I only heard half of the question so I have to apologize.

COUNCIL PRESIDENT VERNA: Okay. On page 50, the plan reflects a chart of health centers. Can you tell us what the wait time is for an initial appointment or visit and also the time one has to wait for an appointment some.

DR. SCHWARZ: I can tell you in general. I don't know today center-by-center, but I can tell you the range.

So it varies tremendously by center. The center which has the longest waiting time is Health Center 10. Waiting time for a new patient at Health Center 10 is somewhere around 248 days.

And that reflects both the increase in poverty and uninsured in the neighborhood around Health Center 10 and the lack of other providers who take

uninsured patients in that area. So that we are fairly well alone in terms of providing care to people -- the increasing numbers of people who have no other source of care in that neighborhood.

It's the reason that we brought to this Council the health authority bill, and we're trying hard to find another provider for the Northeast.

The other centers' wait time is much more reasonable. So it --

COUNCIL PRESIDENT VERNA: What do you consider much more reasonable?

DR. SCHWARZ: It varies from about three weeks for a new-patient visit to about six or eight weeks for a new-patient visit on average.

COUNCIL PRESIDENT VERNA: It's a shame. It seems that District 10, their wait period is worse now than it was last year.

DR. SCHWARZ: It's actually just slightly better than it was last

year.

COUNCIL PRESIDENT VERNA: Oh, really?

DR. SCHWARZ: Yeah. Last year, I think it was 258 days, and I think we're down to 248 days or so, but it varies by season and it varies by month. So we keep track on a monthly basis of that -- we actually keep track on a daily basis but we publish information on a monthly basis.

The issue is, no matter how much service we deliver, more people need care. We've seen about an 8 to 9 percent increase overall in use of the health seniors since the recession began.

And we have been able to keep up in that waiting times haven't gotten worse, but we haven't been able to bring down the waiting time.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Rizzo for a point of information.

COUNCILMAN RIZZO: This is a

tough question to ask.

With that kind of a delay, lots of people either get better or they die. Do we know how many people die because of the delay in getting health care?

DR. SCHWARZ: So this isn't a delay in getting health care; it's a delay in a well visit. So if someone --

COUNCILMAN RIZZO: Say that again?

DR. SCHWARZ: The difference is that this is a scheduled appointment for a checkup. If someone has a problem, we have at all of our health centers what we call "walk-in," so you can walk in any health center. You wait during the day but you are seen. And depending on the health center, it can be up to 50 percent of the visits at the health center are walk-in visits.

So we've tried adjusting schedules, we've tried doing all sorts of things. The issue is no-show rates and the fact that we are the only show in

town for many people.

So we have maintained the policy of you can walk in for care; you'll just have to sit and wait until you're the next one taken.

COUNCILMAN RIZZO: With that kind of a delay for an appointment, do we have some type of a system like a normal doc does where the office calls and reminds you about your appointment and --

DR. SCHWARZ: We do it --

COUNCILMAN RIZZO: -- or if you have to cancel?

DR. SCHWARZ: We do it both in writing and by robo call.

COUNCILMAN RIZZO: So there is some follow-up.

DR. SCHWARZ: Absolutely.

COUNCILMAN RIZZO: What I'm hearing with these long delays, I assume the alternative is the emergency room that gets no compensation.

DR. SCHWARZ: So we have a single call center so that we offer

people a visit at another health center. One of the things that seemed obvious to us was if the wait is so long at one health center, we could distribute it over the others. People generally, for a routine visit, would prefer to have an appointment months ahead than to go to another health center that's farther from home.

But, yes, the alternative is the emergency room for many people or walk-in for us, and we have maintained walk-ins so that people don't have to go to the emergency room.

What we know from the managed-care companies, who are responsible for Medicaid in town, we have some of the lowest proportions of people using the emergency room, and we believe that's the walk-in.

So essentially, instead of going to the emergency room, you can come to one of our health centers and be seen Monday through Friday and an evening a

week at each health center, two evenings a week at Health Center 10, and on Saturday, at two of the health centers.

COUNCILMAN RIZZO: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you, Doctor. I still this you're the greatest.

On page 53 of the plan, it mentions that you will be implementing a new licensing few for tobacco retailers. Can you tell us what the fee will be, and will it be implemented administratively?

MR. McPHERSON: I think we need to get Dr. Schwarz back.

(Dr. Schwarz returns to witness table.)

COUNCIL PRESIDENT VERNA: Would you like me to repeat the question?

DR. SCHWARZ: I think you asked what the fee will be, what we're thinking of for the permitting fee?

MR. McPHERSON: Yes.

COUNCIL PRESIDENT VERNA: Yes.

DR. SCHWARZ: We're working on that now. I don't have an answer today but will very soon.

COUNCIL PRESIDENT VERNA: So, okay. While you're looking at it and when you come back to visit us again --

DR. SCHWARZ: Yes, ma'am.

COUNCIL PRESIDENT VERNA: -- maybe you could tell us what the revenues are that you expect to receive from this fee.

DR. SCHWARZ: Yes.

COUNCIL PRESIDENT VERNA: And if they're going to be in your revenue projections.

DR. SCHWARZ: We have not -- I can tell that you philosophically, we don't want this fee to be a deterrent to people from registering, so we have not anticipated a high fee.

We believe that it's more important to have people permitted so the City has some ability to act on bad behavior, but the purpose is not revenue

generation particularly.

COUNCIL PRESIDENT VERNA: And that will be administrative -- that will be implemented administratively?

DR. SCHWARZ: It will.

COUNCIL PRESIDENT VERNA: Okay, thank you.

The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Thank you, Madam President.

I had a follow-up to Councilwoman Quiñones-Sanchez's request. And in the figures that you're going to share with us, can you also indicate and specify staff exempt separate from civil service when you present those numbers?

And it will be helpful if you will do what departments have been done for the last few years: just simply make it a part of the testimony, put it on the back end of the testimony, and that way, we see it.

Page 7 and 8 of the testimony

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talks about how Governor Corbett's budget will impact General Fund to the tune of a $7.5 million cut to our Department of Human Services. And Councilwoman Blackwell has already spoken to how it indeed serves many of our city's most vulnerable populations.

How might this impact our lead-abatement activities?

MR. ARMBRISTER: Among the most flexible dollars, which include, I guess, the HSDF, I think there was $75,000 that had allocable for that effort.

COUNCILWOMAN BROWN: For lead abatement?

MR. ARMBRISTER: For lead abatement. And it could significantly deter our ability to get lead abatement, but Dr. Schwarz is here and ready to give you a little bit more detail.

COUNCILWOMAN BROWN: Well, I will say for the record that Dr. Schwarz's office and professionals are meeting with my staff to prepare for

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hearings around a lead-abatement bill.

DR. SCHWARZ: So there are -- the chief source of lead abatement dollars from the State comes from the Human Services Development Fund.

COUNCILWOMAN BROWN: Okay.

DR. SCHWARZ: In the past couple of years, we've spent between 3 and $400,000 of those funds on lead abatement. That money goes through Class 200 to abatement contractors.

In addition, we receive three different sources of federal funding; one is through CFBG, the Community Services Block Grant, which goes through MOCS.

COUNCILWOMAN BROWN: Yes.

DR. SCHWARZ: That money, the current proposal from the president is to cut by half and put out for bid. The good news about that is that it will be put out competitively, and we may compete well, but we use about 5 to $600,000 of that money per year for lead abatement and inspection.

Then there are two other sources. One is the Centers for Disease Control, which has announced its intention to cut by 50 percent dollar for childhood lead-poisoning programming. And then the final is from Housing and Urban Development.

And while they initially cited a complete cut in lead abatement dollars, they have since changed their mind, and the information we have now is that they will rebid lead abatement dollars. So it's better than we had thought.

But between the State cut, the CSBG cut, and the CDC cut, the potential for a $2 million to $3 million loss in lead services for children is very real, and we're advocating hard to maintain those dollars.

COUNCILWOMAN BROWN: So with the funding prior to cuts, what was the scale of treatment or impact that the City had, period?

(Timer bell rings.)

COUNCILWOMAN BROWN: I mean, just given the dollars as they were last year, how much difference were you able to make in terms of the number of properties that you now have moved to --

DR. SCHWARZ: So it's about 750 complete abatements.

COUNCILWOMAN BROWN: I see.

DR. SCHWARZ: I believe that's the number we do on an annual basis. It's really, as you know, expensive to abate a property, and it's the reason that we do for many properties what's called "a super clean," which is much less expensive.

COUNCILWOMAN BROWN: Okay, thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you.

It's my understanding that we

are about to receive for the Philadelphia Corporation for the Aging $46.3 million in new resources; is that accurate?

MR. ARMBRISTER: I'm not sure about that, Councilman. The 46. -- what was that?

COUNCILMAN JONES: $46 million, by way of --

MR. ARMBRISTER: Oh. I think our executive director of the agency is here.

(Witness comes forward.)

COUNCILMAN JONES: You know, it's interesting. Most of the Administration sits behind each of the pillars, but we still can see you; you're not invisible.

(Laughter.)

(Witness comes forward.)

COUNCILMAN JONES: And, Madam President, this doesn't go against my three minutes.

MS. HERNANDEZ-VELEZ: Hi. I'm Lydia Hernandez-Velez, Deputy Managing

Director for Aging for the City.

COUNCILMAN JONES: Welcome.

MS. HERNANDEZ-VELEZ: Part of those dollars that PCA funds are direct services to individuals: The Senior Community Services Employment Program, which the Mayor's Commission on Aging operates; the Apprise Program, which is the Medicare Advisory Program that the Mayor's Commission on Aging provides; and then through the rec centers, through the older-adult centers throughout the City and various other programs that are funded not directly through the Mayor's Commission on Aging but through other agencies.

COUNCILMAN JONES: But these are resources that are --

MS. HERNANDEZ-VELEZ: These are resources, correct.

COUNCILMAN JONES: The agency is a conduit for those resources.

MS. HERNANDEZ-VELEZ: Correct. The agency is a conduit for federal and

the lottery funds that fund the Pace Program for prescriptions and the other services I just mentioned.

COUNCILMAN JONES: And thank you for agreeing to being a part of the "Aging in a New Age Workshop," which is at WHYY, it's going to be broadcast. It asks that departments take look at the impact of Philadelphia becoming a grayer city and planning for that.

MS. HERNANDEZ-VELEZ: Correct.

COUNCILMAN JONES: And in light of that, are we looking at what the naturally-occurring aging community -- what is it called?

MS. HERNANDEZ-VELEZ: The term is "The Natural-Occurring Retirement Communities."

COUNCILMAN JONES: Correct.

MS. HERNANDEZ-VELEZ: And we have several areas of Philadelphia where the age of the resident population is above 55.

And so, looking at what

services need to be provided in order to maintain those citizen-residents in their homes for as long as possible and delaying their transition to higher-care facilities such as nursing homes, with some intermediary services that will keep them in their community; and if we can't keep them in their homes, at least keep them in their community through other services.

COUNCILMAN JONES: It's interesting to me that as a community becomes a retirement community, they go from upside potential income, overtime, whatever it is, to a fixed income, and whether or not we are planning for that as a municipality, that eventuality.

MS. HERNANDEZ-VELEZ: Yes, we are. We are actually looking at our opportunity to partner with different neighborhoods in the City to figure out what has to happen across agencies in order to maintain folks in their homes safe, in a quality of life, and also

maintain the diversity within communities, because it's important to have all kind of ages and the interactions between those different experiences to make it a stronger city.

COUNCILMAN JONES: I'm encouraged by your being a part of and look forward to the data and adjusting our plans accordingly.

MS. HERNANDEZ-VELEZ: And I look forward to that too.

COUNCILMAN JONES: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Green.

MR. DUBOW: Before that, can I just answer the tobacco registration fee question?

COUNCIL PRESIDENT VERNA: Yes, sir.

MR. DUBOW: We are looking at a fee of $50 that could cover our costs of

implementation, and we assume that would generate about $250,000.

COUNCIL PRESIDENT VERNA: Thank you.

Councilman Green.

COUNCILMAN GREEN: Thank you, Madam Chair.

I just want to state for the record that despite reports in the paper this morning, I'm not Mayor Nutter's chief rival on Council or critic or anything else; I'm just here, doing my job, which is to make sure we get questions answered for ourselves and for the citizens so we know what is happening in City Council.

That being said --

(Laughter.)

MR. DUBOW: That was a bad lead-in.

COUNCILMAN GREEN: At any rate --

MR. DUBOW: Does that count against his three minutes?

(Laughter.)

COUNCILMAN GREEN: So it's my understanding that for the budget preparation process, the Administration asks the departments to prepare, I think it was, a modest 3 percent budget reduction scenarios, and the proposed budget increases funding for some departments, maintains level funding for most departments, and doesn't reflect the reductions in State aid, as we've already discussed.

So, you know, assuming the budget reductions are going -- as a result of our previous conversation, I'm working under the assumption that the budget reductions are going to come in the departments where the State made the cuts and not in the departments that we're hearing now. But, you know, as we've discussed each year, I, or other members of Council, may not necessarily agree with that premise.

And so, we have to face a

choice about whether to absorb the cuts entirely within those departments or make reductions in other departments to reserve something we think is important; say, the support CBH is giving to Veterans Court when they can't get federal funding to divert a prisoner, which ultimately still saves the City money, for example.

So can you provide us with what those cut scenarios were so that we have that context as we're looking at the ultimate cuts you're going to provide. And, you know, it's sort of the final budget you give us so that we can see what departments suggested for their own 3 percent cuts.

MS. RHYNHART: Just to clarify the process, we asked for 1.5 and 3 percent cuts from the departments as well as the justifications for additional spending.

And as you mentioned, you know, we had very -- we did do cuts in a few

different departments. Prisons was the biggest, but there were multiple departments that we did cut smaller amounts from, and then we did the very modest increases that we've spoken about.

So after cutting the way we've cut over the last two years, it's very difficult to find places to cut at this point.

COUNCILMAN GREEN: I appreciate that. At the end of last year's budget process, Council recommended and the City took $17 million of cuts it did not propose rather than increasing taxes at 12.1 percent for real estate, as was requested by the Administration versus the 9.9 percent that it voted for.

So I understand that's your position, but ultimately, we may not agree on whether or not a department can absorb more cuts or not.

MS. RHYNHART: Okay.

COUNCILMAN GREEN: And so, the question -- really rather than getting

into the specifics of any department at this point, we can deal with that when we get to departments -- is I'd like the Chair to be provided with a copy of those budget scenarios.

MS. RHYNHART: Mm-hmm. Okay. What the departments -- the 1.5 and 3 percent cuts?

COUNCILMAN GREEN: Yes.

MS. RHYNHART: We can get something.

COUNCILMAN GREEN: I'm sorry?

MS. RHYNHART: We will get something to you.

COUNCILMAN GREEN: You will get us their response to your request for 1.5 and 3 percent?

MS. RHYNHART: Yeah. I mean, it's pages and pages for each department. There's also a summary. So I think it would be best -- we'll get you something that is complete and --

COUNCILMAN GREEN: I don't want you to have to do more work. I mean, in

other words, go -- I mean just feel -- what I would like is for you to provide the Chair with what you have.

MS. RHYNHART: Sure.

COUNCILMAN GREEN: And we'll decide sort of which of it is relevant or not.

MR. DUBOW: I think what the Budget Director is saying is that some of the material we got, if we just sent it to you raw, it wouldn't have much meaning.

MS. RHYNHART: Right.

MR. DUBOW: So we want to put it in context. We're not looking to hide anything from you; we just want to make sure it's understandable.

COUNCILMAN GREEN: No, I understand. I also am sensitive to the fact that, you know, each year at budget time, each question we ask you creates work for people that can otherwise be doing something else. And so --

MS. RHYNHART: It just might

end up creating more work for us if we sent it raw data-wise to you and then it wasn't understandable.

COUNCILMAN GREEN: Okay, that's fine.

MS. RHYNHART: I appreciate that.

COUNCILMAN GREEN: Okay. And what's the realistic time frame for getting that, do you think?

MS. RHYNHART: It shouldn't take too long to get it over to you. I mean, I would say, you know, a few days.

COUNCILMAN GREEN: So definitely by the 28th, by next Monday, do you think?

MS. RHYNHART: Yeah, I think that's fine.

COUNCILMAN GREEN: Okay. With respect to health-care costs, the current Five-Year Plan projects level funding of health medical and costs at $370 million a year. The new Five-Year Plan shows about $15 million in savings in the

current fiscal year, a reduction of 370 -- from 370 to 356, and a further savings of 10 million in FY '12. But the plan shows increases in health-care costs of 10 to 16 million in each of the final four years of the plan.

What is the underlying cause of the reduction next year? And what is the underlying cause of the projected growth in the out-years?

MR. DUBOW: The growth in the out-years is growth in costs for FOP. They went to self-insurance. We're assuming there's some increase in health-care costs that's then reflected in their cost. And that's kind of the biggest part of it. And we assume some increase in the City-administered plan.

Those are the two components of the increase going forward.

MS. RHYNHART: And the decrease that you're seeing is actually the result of the DHS move out of the General Fund. So we can get you, if you want, something

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that --

COUNCILMAN GREEN: I see. So you're taking --

MR. DUBOW: Benefits out.

MS. RHYNHART: Right.

COUNCILMAN GREEN: Benefits associated with employees in DHS out of the General Fund.

MS. RHYNHART: If it's reimbursable, then we moved it to the Grants Fund.

COUNCILMAN GREEN: Okay.

MR. DUBOW: And one other point on the health-care costs: A portion of the 11.8 million in savings that we show (indiscernible) instead of workforce savings would be in benefits.

COUNCILMAN GREEN: And has that traditionally been reimbursable?

MS. RHYNHART: Yes.

MR. DUBOW: A portion of it is.

COUNCILMAN GREEN: Even though DHS has been in the General Fund, portions of the benefits, including

health care, have been reimbursable in the past.

MR. DUBOW: Yes.

COUNCILMAN GREEN: So we're not taking reimbursable dollars and changing them into health care.

MR. DUBOW: Correct.

COUNCILMAN GREEN: It's sort of status quo.

MS. RHYNHART: Yes.

MR. DUBOW: We've always gotten reimbursed for indirect costs.

COUNCILMAN GREEN: Okay. So can you divide up for me the increase in the out-years between FOP and, I guess it would be, employees not covered by union plans?

MR. DUBOW: Yes.

COUNCILMAN GREEN: Do you have that or --

MR. DUBOW: We'll get it for you.

COUNCILMAN GREEN: You'll get it for me, okay.

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With respect to -- there's a line item in the -- well, just sticking on health care for a second, that assumes no increase in health-care costs for our other represented employees over five years.

MR. DUBOW: It assumes some portion of the savings at 11.8 million would be health care. So it actually assumes probably a reduction.

COUNCILMAN GREEN: It assumes a reduction from -- as a result of what? As a result of 33, 47, and FOP ultimately going to self-insurance?

MR. DUBOW: 33, 47, and the firefighters.

COUNCILMAN GREEN: Right. I'm sorry, firefighters, right. Ultimately going to self-insurance?

MR. DUBOW: Yes.

MR. ARMBRISTER: Or some plan that costs less than it does now.

COUNCILMAN GREEN: Or some plan that costs less.

MR. ARMBRISTER: Yeah, or something that costs less than it does now.

COUNCILMAN GREEN: So don't their plans currently cost less than our plan?

MR. DUBOW: No, no, they don't.

COUNCILMAN GREEN: They don't?

MR. DUBOW: No.

COUNCILMAN GREEN: On a per-person basis?

MR. DUBOW: They do not.

COUNCILMAN GREEN: Okay. As noted in the Inquirer, housing sales continued to fall, with sales of existing homes dropping 4.2 percent from January to February, and 5.8 percent lower than a year ago.

The article quoted Joel Naroff, of Naroff Economic Advisors, saying: "The housing market has not, and it really looks like it will not, be a major factor in the economy's ultimate return to growth."

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I know you discussed it a little bit earlier, but we're taking growth in real-estate transfer-tax receipts up from above the original 3 percent growth to now 5 percent in '13 and '14, and I'm just wondering -- obviously, that's a combination of number of transactions, which means credit markets are going to improve, and housing prices.

MS. RHYNHART: Right.

COUNCILMAN GREEN: I just wondered if you could, in the context of today's article, describe that a bit more.

MS. RHYNHART: Sure, sure. Going back and talking about this year, Fiscal '11, the first half of the year, we saw very strong growth, so we had about 6 percent growth in the real-estate transfer tax, and now we are seeing declines year over year in the real-estate transfer tax.

So built into the 0.5 percent

projection for Fiscal '11 is declines -- year-over-year declines in this fiscal year, if that makes sense, okay?

We do expect to have the modest recovery in housing transactions, so there is an assumption that there is pent-up demand, that people have not been able to sell their homes and move for whatever reason and then that have to move at some point.

We have that in Fiscal '13 and '14, and it's the strongest, the 5 percent. That is, again, below what our revenue consultant and also what the Federal Reserve Bank thought was reasonable; we took that down actually considerably.

COUNCILMAN GREEN: Okay.

MS. RHYNHART: So that is where that's coming from.

COUNCILMAN GREEN: Another article in today's Inquirer talked about the fact that over the five years, the City portion of the real-estate tax

itself would maintain continuity despite the fact that Council passed a law that said property taxes would decrease after two years by 9.9 percent, the same amount it was increased by.

MS. RHYNHART: Mm-hmm.

COUNCILMAN GREEN: I'm not sure I understood the explanation that was in the paper for that, so I thought I'd ask you to explain how we're going to get the same revenue after we lower the tax rate by 9.9 percent.

And let's just assume we don't go to AVI or full value, in answering this question.

MS. RHYNHART: Mm-hmm.

MR. DUBOW: A couple answers.

What we're assuming is that there's been growth in values actually going back to the last time we really did an assessment, which was, you know, almost a decade ago, so that we missed -- I know that the market's come down, but we really missed the run-up in the market

too. So we're projecting that kind of the net impact of the years we've missed is a substantial increase in values.

Obviously, it's a projection; we'll see where we wind up. If the projection is wrong, we'll have to make other adjustments next year to the budget, either other revenue increases or expenditure reductions.

COUNCILMAN GREEN: And what is the increase -- how would you put a percentage on the increase that you're going to see overall in City property values as a result of the new assessments or assessments starting again?

MR. DUBOW: Accurate assessments, you mean, after --

COUNCILMAN GREEN: Accurate.

MR. DUBOW: -- not having had them.

COUNCILMAN GREEN: Yes.

MR. DUBOW: You know, it's a very kind of hard number to get at because what are you comparing it to?

But our assumption is that you're probably, you know, on average seeing increases over the last decade of, you know, maybe 2 to 3 percent.

So it's not rapid growth on an annual basis. But, again, there are ups and downs that get you to a net.

COUNCILMAN GREEN: So we actually increased the City portion of the tax not by 9.9 percent but by, you know, around 20 percent.

MR. DUBOW: Right, yes.

COUNCILMAN GREEN: And so --

MR. DUBOW: I do want to clarify one thing you said before. You said that at some point, the Administration proposed a 12 percent increase; we never proposed that. Just I wanted to make that clear.

COUNCILMAN GREEN: No, we received a letter the morning the budget was passed from the Administration requesting either a 12.1 percent property tax increase or a sugar-sweetened

beverage tax of I can't remember --

MR. DUBOW: I think what we said is, without enough revenue, we'd have to make additional cuts.

COUNCILMAN GREEN: It was -- it was part --

MR. DUBOW: And there had been legislation introduced by a Councilmember that was --

COUNCILMAN GREEN: No, no --

MR. DUBOW: -- at 12 percent. That's where the proposal came from.

COUNCILMAN GREEN: There was a request from the Administration for 12.1 percent or a sugar-sweetened beverage tax of a certain amount that would raise the same amount of money in the alternative.

MR. DUBOW: Right. It was a proposal that came from a Councilmember, and we were saying --

COUNCILMAN GREEN: No, I understand --

MR. DUBOW: -- that that

revenue works or --

COUNCILMAN GREEN: I mean, the letter says what the letter says; we don't have to debate.

MR. DUBOW: I just want to make clear that it didn't come from us originally.

COUNCILMAN GREEN: I wasn't suggesting you proposed it; I'm just suggesting you --

(Indiscernible; parties talking over each other.)

MR. DUBOW: Well, you said we proposed it. That was a suggestion that --

(Indiscernible; parties talking over each other.)

COUNCILMAN GREEN: You proposed a 12.1 percent instead of the 9.9 percent, which was the Council bill. That's all.

MR. DUBOW: No. There was a Council bill for 12 percent. We didn't -- that wasn't our bill.

COUNCILMAN GREEN: I don't want to waste time debating this.

MR. DUBOW: Okay.

COUNCILMAN GREEN: The letter says what the letter says; I'll be happy to provide you with a copy of it.

MR. DUBOW: Right. And I'll provide you with the ordinance.

COUNCILMAN GREEN: Which I did not vote for, since we are trying to get things on the record.

MR. DUBOW: I know you didn't.

COUNCILMAN GREEN: Okay. So basically what you're assuming by keeping that steady for five years and really through -- between now and 2013, because of the lack of assessments, property values -- we will collect -- basically, there will be a 20 percent increase in property values.

MR. DUBOW: Right, that's right.

COUNCILMAN GREEN: A 20 percent increase, so --

MR. DUBOW: Over a long period of time.

COUNCILMAN GREEN: But that we're going to capture that 20 percent in the next two years.

MR. DUBOW: That we will capture it by having accurate assessments, that these are values that weren't captured for about a decade.

So that's not a two-year increase; it's really a multi-year increase. And we didn't do -- we didn't even -- under the old system, we didn't even do a real full assessment since, you know, the middle of the last decade.

COUNCILMAN GREEN: So just for the record, what the Administration is saying is that in the next two years, we will capture -- without going to AVI as a result of new assessors and new assessments, we will capture, having revalued all of the properties, 20 percent more in essentially collections --

MR. DUBOW: That's not what we're saying. What we're saying is --

COUNCILMAN GREEN: -- after our tax expires.

MR. DUBOW: That's not what we're saying.

COUNCILMAN GREEN: Okay.

MR. DUBOW: What we're saying is that when we go to AVI, we will capture growth that's been building up for almost a decade.

COUNCILMAN GREEN: We don't have to go to AVI to capture that growth, right? I mean --

(Indiscernible; parties talking over each other.)

COUNCILMAN GREEN: We can go to full value -- we can -- when we reassess the entire city, whether we're at full value or not, we have reassessed the entire city, and it has a new value.

And in theory, if we don't change millage, that will result in some percentage increase to the City's

treasury.

MR. DUBOW: I understand what you're saying now. You're saying just going to actual value.

COUNCILMAN GREEN: Right, okay.

MR. DUBOW: Yes. We're saying if you go to actual value and you get good assessments, that we will actually capture the last decade of changes in values, and that will result in a 20 percent increase.

COUNCILMAN GREEN: 20 percent.

MR. DUBOW: Yes.

COUNCILMAN GREEN: So that would also mean when the School District submits its budget, it will project, or be able to project, a 20 percent increase in real-property tax receipts in the next two years.

MR. DUBOW: For 2013.

COUNCILMAN GREEN: For 2013.

MR. DUBOW: We're not showing any of that in 2012, so --

COUNCILMAN GREEN: Which is

dramatic for the School District.

MR. DUBOW: That would be a very big benefit to the School District, yes.

COUNCILMAN GREEN: And it's your testimony that they'll be able to budget for that.

MR. DUBOW: That's what we're project, yep.

COUNCILMAN GREEN: That's what you're projecting. Okay, you have cleared that up. Thank you.

MR. DUBOW: You're welcome.

COUNCILMAN GREEN: So for the Police Department, in FY '11, for the first time in the department's history, operational units received allocated budget spending plan so that commanders could monitor and better control their resources.

This begs the request of how the departmental budget was managed previously, but it's good news nonetheless, and I want to commend the

Commissioner and his team for really three great years of work.

Can you provide Council with copies of the spending plans prior to the Police Department budget hearing?

MS. RHYNHART: (Inaudible.)

MR. DUBOW: I'm sorry.

MR. ARMBRISTER: What are you looking for?

COUNCILMAN GREEN: The plan indicates in FY '11, for the first time in the department's history, operational units received allocated budget spending plans so that commanders could monitor and better control their resources.

Could you please provide us with a copy --

MR. DUBOW: Unit-by-unit?

COUNCILMAN GREEN: -- of the unit plans prior to the Police Department testimony?

MR. DUBOW: Yes.

COUNCILMAN GREEN: Okay. Is this an approach that is being pursued

within other departments?

MR. DUBOW: I guess it -- there are --

COUNCILMAN GREEN: Like in the Fire Department or...

MR. DUBOW: No, not yet.

COUNCILMAN GREEN: Not yet, okay.

On page 46 of the plan, it notes that last year, the Department of Behavioral Health implemented Pay for Performance for its Health Choices Network providers based on 2009's service results.

They implemented a series of 40 system performance metrics that included both clinical and financial performance goals for system-level metrics that are reviewed quarterly. The performance metrics are appropriately linked to the Pay for Performance goals.

Dr. Evans and his team really do continue to impress. I think this is a very impressive effort, but I'll get

into more specific questioning about the Pay for Performance approach and the performance metrics during DBH's departmental budget hearing.

My point for this morning is, we have an example right here in city government of how we should be doing budgeting system-wide; and that is budgeting for performance, budgeting for outcomes, rather than focusing on inputs, linking spending to achieving specific performance goals, and using data to track progress, and striving for continual improvement, both quantitative and qualitative.

I have several bills before City Council that would require this for every department. They're "shorthand," I will call them, program-based budgeting bills requiring the Administration to do cost-benefit analysis for capital budgets and a bunch of other things.

Is there any reason why we can't, over the next few years, try to

roll this out citywide? And will you work with me on these bills to find a way to put in a time frame that is realistic for us to be able to achieve this kind of effort for all City departments?

MR. DUBOW: Well, I -- we're happy to work towards the goals that we share of getting to budgets that are based on outcomes.

I still think -- I guess where our philosophical difference is, is we don't think it needs to be legislated. We'd like to work towards doing it, but we don't think it needs to be in legislation.

COUNCILMAN GREEN: It's been in legislation in most places where they've done it. When it was required in Washington State, they were able to achieve it within six months.

So is your objection to the legislation not the legislation or the goal, even if we were to allow you to change it by regulation, but the fact

that you want this to be an administrative initiative rather than a joint Council administrative initiative?

Or I'm not -- I'm confused 'cause it sounds like we agree on the goal, but you're opposed to the legislation.

MR. DUBOW: We do agree on the goal; we just think that, you know, we can work with you on it. There's no reason to have to go the legislative route. It's something that we both want to do.

COUNCILMAN GREEN: Well, except defining what outcomes are, defining what we would expect to see in terms of outcomes, define how we're going to measure and track data and performance and have reporting to Council during the interim, you know, during the year on a quarterly or other basis really is important because it is -- it's we who get the budget.

I mean I think agreeing with

City Council and the Administration on what budgeting for outcomes and performance-tracking in the City looks like is something we should be doing together, not that we should be sitting back and not, you know, saying by legislation what outcomes we want to see, how we want to measure it, et cetera.

MR. DUBOW: Right.

COUNCILMAN GREEN: I don't know how we -- I don't know how we achieve that without legislation that can always be changed.

MR. DUBOW: We achieve it without legislation by working together on it. You know, I'm happy to --

COUNCILMAN GREEN: I mean, I've been pushing this for three years, and I don't know how we're working together on it other than you're opposed to the legislation.

MR. DUBOW: We're happy -- I know we've had meetings with you. We're happy to continue that. I mean --

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COUNCILMAN GREEN: How do we work on it together outside legislation?

MR. DUBOW: We sit down, we talk it through; I mean, the way people always work together.

COUNCILMAN GREEN: So do we form a separate working group, sort of like we're doing on the BPT stuff?

MR. DUBOW: We can do that, yeah.

MS. RHYNHART: Yes.

MR. DUBOW: Yeah, we definitely can do that.

COUNCILMAN GREEN: Allow the President to appoint people and the Administration and have staff work on sort of putting together criteria and...

MR. DUBOW: Yeah.

MS. RHYNHART: Yeah.

COUNCILMAN GREEN: Is there any objection to that?

MS. RHYNHART: We could do that.

COUNCILMAN GREEN: I think that

would be tremendous. Thank you for that.

So on page 71, the plan notes that one of the L&I's four main areas of focus for FY '12 is becoming results-driven, and that the department will look for measures that better tell a story of compliance and effective code management.

This seems like a good goal, assuming the focus is on outcomes, not just on telling a story.

I'd like to see the department link this results-focused approach to its budget if not for FY '12, then certainly for FY '13. Do you think that's possible?

MR. DUBOW: I guess that sounds like something we should talk about when we start our (indiscernible) group.

COUNCILMAN GREEN: Okay. So a lot of my questions have to do with outcome-based budgeting, and I don't know if you happened to read the op-ed I wrote that appeared in the March 6th Inquirer, but do you -- did you read that?

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MR. DUBOW: I -- I don't know what you're talking about.

(Laughter.)

MR. DUBOW: Yes.

COUNCILMAN GREEN: Okay. So when you say we agree on goals, you basically agree --

MR. DUBOW: I read it. I didn't memorize it. I'd have to go back and look at it again.

COUNCILMAN GREEN: All right. In a Law and Government Committee hearing on contracted services several weeks ago, we learned that there is no requirement for departments to perform cost-benefit analysis before contracting services.

Once again, I have several bills that would require cost-benefit analysis. The day after that hearing, I think Councilman Kenney introduced a bill that would require cost-benefit analysis.

Is there any objection to pursuing with Council the idea of cost-benefit analysis before outside

contracting and requiring that as part of the annual budget process?

MR. ARMBRISTER: If I could just ask a question. When you say "outside contracting," do you mean for labor or for any goods or service?

COUNCILMAN GREEN: Well, we're talking about any goods or service. We should understand whether or not -- why we have made the decision that it is cheaper to use outside contractors than it is to do the service internally. In other words, what is the cost-benefit analysis.

Every contract -- it should either be -- each contract -- and I think there are over -- I think there were 2,000 professional-service contracts. There was testimony during that hearing that most of them have not gone through a cost-benefit analysis to determine whether or not, you know, that's something that the City could have done differently in-house.

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MR. ARMBRISTER: I won't speak to 2,000, but I would probably hazard a guess that many of them have an informal -- you know, a manager makes a decision about whether or not they can get the service or good within the constraints it has, or if it can't, and considering the time elements and things like that, may make a decision.

I mean, I have a high degree of confidence in our managers, that they make those decisions hundreds of times a day. And to reduce -- I guess my only hesitation -- and this is only a hesitation -- is that it could conceivably slow down the effective operation of government that every time you need it, you know, you have to do a formal analysis as opposed to leaving it to the judgment and wisdom of the manager to make a decision for which he or she should be held accountable.

COUNCILMAN GREEN: How do we hold a manager accountable to a specific

result or outcome on a contract, an outside contract, if they have not told us in advance that it has a positive cost-benefit analysis?

In other words, if we don't require that, there's nothing against which to judge the contract two years, three years after the fact.

MR. ARMBRISTER: I mean, I -- I probably disagree with the premise. I mean, the contract and the manager and person providing the contract would sit down and figure out what the objectives are, and the contract would be evaluated as to whether or not it met the objectives that were stated in the contract.

COUNCILMAN GREEN: Well, I mean, what are the objectives that would be stated in a contract with a provider of pharmacists to City health centers other than, This is how much we'll charge you for this person, for these hours, and we pay them.

When you do that, what we should have is a cost-benefit analysis of what it would cost us to actually hire our own pharmacists, even if that means changing the salary grade in the civil service system or something else as opposed to contracting out.

We currently don't do that analysis, and there's no way for us to hold the Health Department accountable for those decisions because if they haven't done the analysis that says, you know what, if we make a pharmacy tech -- I don't know what the titles are in that civil service code. But if we make a Pharmacy I $89,000 instead of $69,000, we don't have to pay an outside service provider $110,000 'cause we can fill that spot if we just make our price competitive with the market rather than going to outside contracts.

That what's I'm talking about. There's no way within contracts to determine whether or not it was the right

decision, 'cause that's just a contract between parties, which is terms between parties.

What I'm trying to get to is whether or not we can have on the record some measurement in advance of contracting that allows us to later provide the proper oversight and accountability to the department that made the decision to let that contract.

MR. ARMBRISTER: I understand your point.

But, again, I would just argue that I think, for many of our managers, they make those kind of calculations maybe not in a formal way but on a daily basis as to how they allocate the resources that they're given.

But in certain situations, maybe in larger-scale things, maybe more review and analysis can be done before significant decisions regarding contracting out are, in fact, made.

COUNCILMAN GREEN: Okay.

Hopefully, this is something we can talk about in the working group.

MR. ARMBRISTER: Sure.

COUNCILMAN GREEN: In budget hearings for the past two years, I've asked for detailed information about position levels in City government. I've also asked about new or unfilled positions scheduled to be filled in the next fiscal year.

Specifically, I requested of each department a description of any new or currently vacant positions in the department that are scheduled to be filled, the job duties of new or unfilled positions, how those duties are being handled currently, and what would happen if the position was not created or filled.

Just letting you know in advance that I'll be reiterating those questions at departmental budget hearings. If the departments wanted to, I'd be happy to -- I mean, we'd be happy

to accept them in writing in advance of the hearing so that we didn't have to go through that, if you want.

I'm also reiterating my request for the last two years of budget hearings for departments to provide lists of all contracts they plan to enter into for the coming fiscal year, descriptions of the specific services provided to citizens under the contracts, and an explanation of how they monitor the contract to ensure that citizens receive value from it. And so, I'll be making that request again also.

Obviously, if it's provided in advance, we can avoid that as questions that we then later have to receive responses from, and you know. At any rate...

For capital spending on technology, really, it can be a part of the working group discussions, but is there any estimate today of what the $125 million proposed capital spend on

technology will achieve in productivity increases or efficiencies or other savings?

In other words, is there any ROI calculated currently for that expenditure?

MR. ARMBRISTER: No, there's no detail analysis of that at this point.

COUNCILMAN GREEN: So before we spend that money, will the Administration agree not to spend it without having completed an ROI?

MR. ARMBRISTER: Well, i --

COUNCILMAN GREEN: In other words, not making an expenditure without knowing whether or not it's going to have a return? I'm not asking that it have a positive return, but knowing what the expected outcome will be of that expenditure.

MR. DUBOW: Yes. And when you put it that way, that's right. And I think we had this discussion last year too. It's not always a quantifiable

return on investment. You know, you're improving efficiency; you're not going to get savings out of it necessarily. You may get, you know, a faster hiring process.

COUNCILMAN GREEN: Right. Well, which, I will argue, always leads to savings.

MR. DUBOW: Not necessarily, but it could be a better outcome.

COUNCILMAN GREEN: But you may get a faster Internet access, which leads to another savings.

MR. DUBOW: Right, that's right.

COUNCILMAN GREEN: Yeah, okay.

MR. ARMBRISTER: But, Councilman, the only thing I wanted to interject -- and I'm not the DOT person, but I wanted to reserve the right.

There may be certain expenditures that we may have to make just to keep this place running. I mean, I don't know -- I know I've been

frustrated over the last several days in terms of, you know, e-mail and things like that. So I don't want to say --

COUNCILMAN GREEN: Absolutely.

MR. ARMBRISTER: -- that no dollar will be spent before we do some detailed ROI analysis. I want to reserve the right to say that DOT, in his judgment, may have to make some expenditure of that money just to keep this place operating.

COUNCILMAN GREEN: Well, hopefully, those are operating dollars and not capital 'cause capital is, you know, five years --

MR. ARMBRISTER: No, I mean, there are certain significant capital expenditures regarding the infrastructure that is the reason that we have so many problems now, and they may have to be made just to keep us functioning. So I just want to reserve the right to do that.

MS. RHYNHART: Just to add to

that, though, the material amount of that 120, of course, we would -- you know, in developing the plan to spend that money, the return on investment or the outcome, what's important to the City is going to be looked at very closely. So the majority of those funds would not be spent before, you know, analyzing it.

COUNCILMAN GREEN: The Five-Year Plan indicates that the Administration is continuing its, quote/unquote, anticipated workforce savings. Of the 25 million in savings budgeted for FY '11, approximately 13 million will be realized as a result of health-care plan reforms, and the plan trues up the budgeted health-care costs to actual costs. This leaves a balance of about 12 million in anticipated workforce savings to be realized, a number that is continued out each year of the Five-Year Plan.

How do you plan to realize those savings over the course of 2012 to

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2016?

MR. DUBOW: It's through, you know, a number of things that could come out of the collective bargaining agreements: reduced health-care costs, changes in work rules that could reduce overtime. So it's any kind of -- any labor savings we can get; it's not necessarily benefits.

COUNCILMAN GREEN: So without contracts, the savings are not achievable, is another way of saying what you said?

MR. DUBOW: Well, without contracts, we would probably need to find the savings in different ways because without the contracts, we'll --

(Indiscernible; parties talking over each other.)

COUNCILMAN GREEN: There won't be savings in line item as a result of not having contracts.

MR. DUBOW: There won't be savings from new contracts. It may be

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savings from --

COUNCILMAN GREEN: But --

MR. DUBOW: Can I finish?

COUNCILMAN GREEN: Yeah.

MR. DUBOW: It may be savings from elsewhere in the workforce. So it may show up in the same place in our budget; it may just not be from 33, 47, or the firefighters.

COUNCILMAN GREEN: Okay. So basically, your testimony is, you're committed to achieving those savings; it may not necessarily be as a result of contract changes.

MR. DUBOW: Well, if we don't get them through contract, we'll have to figure out another way to get the budget in balance. So yes, we're committed to staying in balance.

COUNCILMAN GREEN: And do you have a current plan for where those savings would come from if there's no movement on your collective-bargaining agreements?

MR. DUBOW: It's $20 million worth of cuts, so that's what we would have to do.

MS. RHYNHART: I mean, the expectation is that we get it from -- that we get the workforce -- we get the savings from contracts.

COUNCILMAN GREEN: Okay. So if Council was to eliminate that line item or half of that line item, because I think half of it is accounted for in the health-care savings that you've already projected, or is that not correct?

MR. DUBOW: No, that's already been accounted for in that number. That's how the number --

COUNCILMAN GREEN: So --

MR. DUBOW: -- got reduced.

COUNCILMAN GREEN: So, really, you need the whole 25 million from the things you described?

MR. DUBOW: No, no, no.

COUNCILMAN GREEN: The premise of my question --

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MR. DUBOW: We had 25 million, and 13.2 of that would have been from the FOP and non-reps. So we've accounted for that already, non-reps and exempts.

COUNCILMAN GREEN: Right.

MR. DUBOW: The part that's allocable to 33, 47, and the firefighters is the 11.8, and that's what's showing.

COUNCILMAN GREEN: Okay. So on page 26 and 27, the plan indicates the Administration is projecting zero percent wage increases for the firefighters over the life of the plan and, as we know, has appealed the raises included in the October 2011 interest arbitration award.

The plan also projects zero percent wage increases for the FOP after the 3 percent increase for 2012 mandated by the 2009 interest arbitration award, which provided for a wage reopener for FY '13 and '14.

It seems unlikely that either the wage reopener for the FOP or the appeal remand for the firefighters will

result in zero wage increases for them. I guess -- I mean, this seems to be a hole in the Five-Year Plan to me that's not accounted for in any way, and I'd like you to explain that.

MR. DUBOW: It's not a hole in the plan. We still -- we project that that's where this will come out.

COUNCILMAN GREEN: So you think a zero percent increase in '13 and '14 and a zero percent increase in firefighters for five years are realistic assumptions that you're presenting to City Council?

MR. DUBOW: I think we don't want to have collective-bargaining discussions at an opening hearing.

COUNCILMAN GREEN: Well, I'm not asking you to have a collective-bargaining discussion. I'm asking you --

MR. DUBOW: Well, you are. You're asking us whether what we've put in here is realistic for collective-bargaining agreements.

COUNCILMAN GREEN: No, I'm asking -- well, I mean, in 2008, the Administration introduced a budget which basically included what they thought were reasonable raises and benefits and changes for the City's workforce in the first budget.

This budget -- I think what you're now saying to me is it is now the Administration's policy, regardless of whether or not they believe wage increases are likely, to not put in a placeholder for those wage increases so that -- is that correct?

MR. ARMBRISTER: Councilman, if I may?

I think one way to articulate it is that it's the Administration's policy that whatever contracts or agreements or arbitrations or whatever happens going forward, as it relates to labor, will have to fit within the context of the cost limitations that we have.

So that's not to say that they can't -- you know, there may not be a raise, but there's going to have to be some corresponding reductions someplace else. So I think that's what we're saying here.

COUNCILMAN GREEN: And I think when you're asking me to vote for a Five-Year Plan, what I'm saying is, I want to understand what you'd cut to pay for that, if there are raises. And what you're asking me to accept is, Don't worry, when the raises come, we'll figure out what to cut.

MS. RHYNHART: No.

MR. ARMBRISTER: I didn't say that. What I said is --

COUNCILMAN GREEN: Well --

MR. ARMBRISTER: -- that in the context of our resource limitations, we will make sure that the plan maintains its balance. And that's what an administration is supposed to do, that's what we did. We came to you and we told

you that, and that's our commitment.

COUNCILMAN GREEN: I'm not going to pursue this anymore at this time.

I think that's all I have, Madam President. Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

I'm interested in the issue -- we've been dealing a lot with educational issues, and we have about five resolutions open, but one of them, when we met with the School District on Friday, an old issue that has come up that we raised before is the issue of probation officers in public schools.

We raise that issue again here, and we raised it at the board, because we believe children or youth who are in trouble may benefit from having probation

officers in schools as opposed to them having to leave their site, go someplace else, check in, and maybe come back.

We think that we may lose young people if they don't have that service there. So I wanted to see where we are, whether it's City or State, where we are on that issue and what we can do to maybe help in that area.

DEPT. MAYOR GILLISON: Good afternoon, Councilwoman Blackwell. Everett Gillison Deputy Mayor for Public Safety.

We have a couple of different things on this particular issue that have been going on for the past couple of years. One, the School District and the Administration and a lot of the criminal justice partners have been going through a truancy project and a truancy pilot.

And this issue that you're bringing up has come as a way for us to either try to figure out in putting probation officers at schools or whether

there's another way to do it through a technology fix or even just cooperation.

The School District has been very forthcoming in dealing with their challenges in how they just take attendance and how they transmit that attendance to the various partners.

At a recent hearing -- not a hearing. At a recent meeting we had, we have now, along with Dr. Shorr, we have actually been able to get that kind of information flowing freely through the partnership.

We have two or three pilot areas with schools, and the District Commanders are working with the School District to identify those that are truant and bringing them back to the School District and having the School District handle them.

Now we're trying to see whether or not, in the upcoming year, we will be able to have an automatic process where a person who is on probation or parole, if

they're not in school, we would get an automatic notification. So that our probation officers that are county and work with the FJD would be to be notified an go out and get the young men or the young women, because as, you know, if they're not in the school, they're just, you know, on the wrong path, and we want to make sure we emphasize getting them, keeping in school, and providing supports for them.

So those are the kinds of things that are happening. Whether it is a technological fix or whether it is a probation officer in every school, we're still dialoguing with the School District about that.

But I think that part and parcel of our overall plan will include aspects of both. Some schools may need probation officers made available, some may just need a technological notification, and we'll be flexible in how we handle the issue.

COUNCILWOMAN BLACKWELL: That's very good news.

Well, we certainly look forward to working with you in any way we can on this issue, and we're glad to see that it's moving along.

Thank you.

DEPT. MAYOR GILLISON: Thank you very much, Councilwoman.

COUNCILWOMAN BLACKWELL: Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

Any other questions from members of the committee?

Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

Mr. Dubow, I was going to let this go, but I can't. We won't deal with what the letter actually said or didn't say, and I'm not sure that that makes a difference, but you will admit for the

record that the Administration wanted more money.

MR. DUBOW: Yeah, we wanted more money.

COUNCILMAN GOODE: And you will admit for the record that after the budget process was -- actually, I'll put it another way.

You will admit that the Administration went as far as to ask Council not to pass the budget when they passed it because you absolutely needed more money.

MR. DUBOW: Uh --

COUNCILMAN GOODE: You asked for a delay in the vote.

MR. DUBOW: We may have. I don't --

COUNCILMAN GOODE: That doesn't make a difference either or what specifically the letter says.

But you will admit that at the end of the process, the Administration said that Council didn't give the

Administration enough money.

MR. DUBOW: Yes, and that it would require additional cuts which we had to make.

COUNCILMAN GOODE: So regardless of what the letter said or didn't say, it's possible that it ends up somewhere in between at the very least of what Councilman Green said and what you said; that, in fact, the Administration wanted more money.

MR. DUBOW: Oh, I think it's clear we wanted more money. We wanted the sugary-drinks tax. And that's -- we came in and asked for more money.

COUNCILMAN GOODE: Okay, thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Do we have anyone else to testify?

(No response.)

COUNCIL PRESIDENT VERNA: Okay. Are there any other questions or comments from members of the committee?

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(No further questions.)

COUNCIL PRESIDENT VERNA: No?

Therefore, this committee will stand in recess until tomorrow, Wednesday, March 23rd, at 11 a.m.

Thank you.

(Proceedings end at 3:18 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the proceedings of the City of Philadelphia Council Committee of the Whole are contained fully and accurately in the stenographic notes taken by me on Tuesday, March 22, 2011, and that this is a true and correct statement of same.

_____

JOSEPHINE CARDILLO
Registered Professional Reporter

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